

CALIFORNIA MEDICAL ASSOCIATION

This department contains official notices, reports of county society proceedings and other information having to do with the State Association and its component county societies. The copy for the department is submitted by the State Association Secretary, to whom communications for this department should be sent. Rosters of State Association officers and committees and of component county societies and affiliated organizations, are printed in the front advertising section on pages 2, 4 and 6.

CALIFORNIA MEDICAL ASSOCIATION†

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 PHILIP K. GILMAN, M. D.....Council Chairman
 JOHN W. CLINE, M. D.....Chairman, Executive Committee
 GEORGE H. KRESS, M.D..Secretary-Treasurer and Editor
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OFFICIAL NOTICES

EXECUTIVE COMMITTEE OF THE CALIFORNIA MEDICAL ASSOCIATION*

Minutes of the One Hundred Eighty-ninth (189th) Meeting of the Executive Committee of the California Medical Association

A meeting of members of the Executive Committee of the California Medical Association was held in the C.M.A. offices, 450 Sutter Building, San Francisco, on Sunday, January 21, 1945.

1. Roll Call:

Present: Drs. John W. Cline, Chairman; Lowell S. Goin, President; E. Vincent Askey, Speaker; Philip K. Gilman, Council Chairman; and George H. Kress, Secretary-Treasurer.

Present by Invitation: Dwight H. Murray, Chairman, Committee on Public Policy and Legislation; Councilor Lloyd E. Kindall; Executive Secretary John Hunton; Hartley F. Peart and Howard Hassard, Legal Counsels; Dr. T. Henshaw Kelly; Dr. A. E. Larsen; Mr. Ben Read; Mr. W. Glenn Ebersole and Mr. William Losh.

2. Purpose of Meeting:

Chairman Cline stated that the meeting had been called at the request of the Chairman of the Committee on Public Policy and Legislation, Dr. Dwight H. Murray, to consider the status of proposed health insurance bills that might be presented to the Fifty-sixth (56th) session of the Legislature, now in session in Sacramento.

From the best information obtainable, it was stated that four or more bills would probably be submitted, as follows: The Health Insurance Bill by the C.I.O. (Committee of Industrial Organization); a bill by Governor Earl Warren; several bills by Farm Bureau groups; a possible bill that had been drafted by the California Medical Association.

General discussion followed concerning the outlook on possible legislative acceptance of one or a composite of these various measures. Inclusions in the various bills, as regards medical practice, financial support, administrative procedures and related matters received discussion.

3. Report from Chairman of the C.M.A. Committee on Legislation:

Dr. Dwight Murray of Napa, chairman of the C.M.A. Committee on Public Policy and Legislation, submitted a report outlining his committee's reaction to the various measures that had been proposed.

The importance of proper education of members of the medical profession and of the public was stressed. General discussion followed on the suggestions submitted.

4. Request of Dr. Rodney Yoell to Appear Before the Committee:

Dr. Rodney Yoell of San Francisco, having requested opportunity to address the Committee, it was voted to extend this invitation. Dr. Yoell discussed briefly the background of several health insurance bills and spoke somewhat of conferences he had had with representa-

† For complete roster of officers, see advertising pages 2, 4, and 6.

* Reports referred to in minutes are on file in the headquarters office of the Association. Minutes as here printed have been abstracted.

tives of Labor and with one of the major political parties. Dr. Yoell stated he was in favor of free choice of physician; of fees based upon service; and the right of private physicians and organizations to conduct health insurance under proper standards, utilizing the insurance principle, but maintaining individual initiative and the right of reward in proportion to merit. He stated he was anxious to cooperate with the California Medical Association in attaining these ends.

Full coverage, deductible for first visit, insurance and capitation system were referred to. Dr. Yoell also referred to his own experiences with the American Presidential Steamship Lines, and felt that Labor was somewhat insistent that the working man would be willing to pay reasonable fees for professional services rendered, but did not wish to pay extra charges. He felt that State and local control were preferable to Federal control.

5. Comment on Various Health Insurance Bills:

General discussion followed, which was participated in by members present, with special reference on who would sponsor certain bills, the extent of support by various groups, and so on.

The importance of a proper educational campaign was stressed, and ways and means whereby these ends could be best attained were referred to by several speakers.

Concerning publicity, it was felt that in addition to general advisory assistance from the firm of Foote, Cone and Belding which had made the California Survey in November, 1944, (Interpretative Report of same was printed in *CALIFORNIA AND WESTERN MEDICINE* for May, 1944, on page 241), it was desirable to employ a technical group of publicity experts to carry out the details of the educational campaign.

It was agreed that a special committee, consisting of the Chairman of the Committee on Public Policy and Legislation, Dr. Dwight H. Murray and Executive Secretary John Hunton, with advice from the C.M.A. Executive Committee, should carry on the general supervision concerning publicity and public relations. Executive Secretary Hunton to be the liaison representative in this work.

6. 1945 Annual Session:

Chairman of the Committee on Scientific Work, Dr. Kress, called attention to the complications which had arisen in regard to an annual session meeting, with special reference to transportation and hotel accommodations. It was agreed to authorize the Committee on Scientific Work to permit papers to be read by title; that is, papers could be presented by C.M.A. members from counties other than Los Angeles, but it would not be necessary for them to be present in person to read the papers. Such papers could be read by title only, with right for possible publication in *CALIFORNIA AND WESTERN MEDICINE*, or if desired, could be read in Section meetings for the authors by delegated members of the Los Angeles County Medical Association.

7. Employment of Public Relations Counsel:

On motion made and seconded, the Executive Committee voted to employ a public relations counsel to represent the Association on matters of health insurance legislation.

8. Proposed California Medical Association Bill:

"An act to establish a system of social insurance, consisting of unemployment insurance and sickness insurance, and to establish a system of employment officers for this state and make an appropriation therefor, and to establish a system encouraging the people of this state to become enrolled in non-profit medical, surgical or hospital prepayment plans," to be presented to the Legislature on behalf of the California Medical Association,

was then discussed in detail by Legal Counsels Peart and Hassard. Changes were suggested for several sections and the same were incorporated.

It was agreed that the proposed C.M.A. Act as amended should be submitted to the Legislature at such time and under such sponsorship as might be deemed most desirable. (Note: This bill was later submitted to the California Legislature as Assembly Bill 1200. In current issue of *CALIFORNIA AND WESTERN MEDICINE*, see page 65 (for text of bill), and page 91 (for analysis).

9. Surcharge on California Industrial and Compensation Cases:

Legal Counsel Peart reported concerning the 15 per cent surcharge that had been authorized by the California Industrial Accident Commission, and spoke at some length concerning future plans on ways and means of best obtaining these objectives.

10. Sacramento Conference Concerning Sickness Insurance Legislation:

After discussion, it was voted that a conference be held in Sacramento on Thursday, January 25, as per instructions in the resolutions adopted by the House of Delegates at its special session on January 6, 1945.

It was agreed that President Goin should preside at the meeting. The persons who were to be invited and the general program was also outlined in skeleton form. Association Secretary Kress was authorized to make the necessary arrangements for a dinner meeting to be held at the Sutter Club in Sacramento on Thursday evening, January 25.

11. Advisory Group to C.M.A. Committee on Public Policy and Legislation:

The attention of the Executive Committee was called to a suggestion that the Advisory Committee to the C.M.A. Committee on Public Policy and Legislation be enlarged. (Section 4 of Chapter 5 of the By-Laws provides for advisory groups consisting of from two to ten members.) The Chairman of the Committee stated that Dr. Wilson Stegeman of Santa Rosa, a member of the Sonoma County Medical Society, would be added to the Advisory group, and that consideration of additional members would be taken up later.

12. Public Relations Program:

Report was made that Mr. W. Glenn Ebersole had completed his tour of county medical societies. It was agreed that the Chairman of the Executive Committee should notify Mr. Ebersole that his services would be used in the present legislative campaign, at the close of which the next annual session will be held, and future plans outlined.

13. Adjournment:

There being no other business, upon motion made and seconded, it was voted to adjourn.

JOHN W. CLINE, M.D., *Chairman*,
GEORGE H. KRESS, M.D., *Secretary*.

OFFICIAL NOTICES

PROPOSED AMENDMENT TO CONSTITUTION

(Presented at Los Angeles by Lowell S. Goin. For reference, see *CALIFORNIA AND WESTERN MEDICINE*, for June, 1944, page 297.)

Re: Past President

Resolved, That the Constitution and By-Laws of the California Medical Association be amended as follows:

In Section 1 of Article VII delete the words "Past-President";

In Section 8 of Article VII delete the words "Past-President";

In Section 1 of Article X delete the words "Past-President";

In Section 2 of Article X delete the second paragraph reading as follows:

"At the expiration of his term of office the president shall become the past president and serve as such for a term of one year thereafter, or until his successor assumes office."

In Section 4, Article X delete the words "Past President":

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PROPOSED AMENDMENT TO CONSTITUTION CONCERNING RETIRED MEMBERS

(Presented at Los Angeles meeting of the House of Delegates by C.M.A. Council. For reference, see CALIFORNIA AND WESTERN MEDICINE, for June, 1943, on page 349.)

Amend Article IV, Section 1(c) of the Constitution of California Medical Association:

The Section 1(c) of Article IV of the Constitution of the California Medical Association is hereby amended by adding, immediately after the first paragraph contained in said section 1(c), a full new paragraph:

If an application for retired membership is submitted by a competent medical society within the calendar year immediately succeeding the last calendar year in which the recommended applicant was an active member in good standing, the Council shall have authority to act on such application as though it had been submitted in the preceding calendar year during which active membership existed.

So that the said Section 1(c) of Article IV will therefore read:

(c) Retired Members:

Qualifications.—Retired members of the California Medical Association shall be elected by the Council on the recommendation of any component county society from those active members thereof who cease the practice of medicine for reasons satisfactory to such component county society and the Council, and who shall have been active members of the Association for ten years or more prior thereto.

Then follows the portion before read, the provision being made therein, Mr. Speaker, to make it possible for the Council to act upon these applications. Many of these applications are submitted in January and February of a succeeding year. Under the present By-Law, applications can be considered only when the applicant has active membership. In any calendar year, if dues are not paid on or before April 1st, active membership then ceases as of date of April 1st.

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PROCEDURE CONCERNING AMENDMENTS TO C.M.A. CONSTITUTION

ARTICLE XV.—AMENDMENTS

Section 1.—Procedure to Amend Constitution

Any member of the House of Delegates at any meeting of any regular annual session thereof may present an amendment or amendments to any article or articles or any section or sections of any article or articles of this Constitution.

Such proposed amendment or amendments shall be in writing and shall be filed with the Secretary and shall thereafter be published at least twice in separate issues of the official journal of this Association prior to the next regular session of the House of Delegates.

At the said next regular session of the House of Delegates, such proposed amendment or amendments shall be submitted to the House of Delegates, for consideration at any meeting of the House of Delegates during that annual session, and if two thirds of the Delegates present and voting vote in favor thereof, the same shall be adopted.

Letter to C.M.A. Members Concerning Health Insurance Bills Pending in Legislature

(COPY)

CALIFORNIA MEDICAL ASSOCIATION
Four Fifty Sutter, San Francisco (8)

January 30, 1945.

To the Members of the
California Medical Association:

Dear Doctors:

Health insurance legislation has become the Number One item in the California Legislature this year. Public interest in it has been whetted and you will no doubt be asked by many of your friends in regard to it. Your Legislators are now at home for the legislative recess and will be seeking your opinion on this important question.

To clarify the position of the California Medical Association, as determined at the House of Delegates meeting early in January, the following summary should be kept in mind:

1. The C.M.A. has voted that it cannot endorse any system of compulsory health insurance which has been presented to it to date.

2. The C.M.A. has suggested that aid and encouragement be given to voluntary health care plans.

3. The C.M.A. has taken the lead in bringing together the representatives of government, industry, labor, agriculture, dentistry, hospitals and allied groups in an effort to arrive at a "complete and comprehensive solution to the entire problem of health care in California." Any matter of such great importance to all the people—calling for 3 per cent in new payroll taxes—calls for the most mature deliberation, particularly in these war times.

Under these conditions, it should be borne in mind that the C.M.A. is definitely opposed to Assembly Bill 449 (introduced by the C.I.O.) and Assembly Bill 800 (introduced for Governor Warren) but is solidly in favor of Assembly Bill 1200, the C.M.A. bill to encourage the voluntary system of health care.

As soon as these bills can be adequately analyzed, you will be given full information on them. Meanwhile, this information may be of help to you in meeting your friends. Now, of all times, the medical profession must present a united front in the interests of the public health and its own future.

Fraternally yours,

(Signed) DWIGHT H. MURRAY, M.D., *Chairman,*
C.M.A. Committee on Public Policy and Legislation.

INDEX OF SICKNESS INSURANCE ITEMS

Pages 68 to 89

(The index of "Chapter I" of Sickness Insurance items, appeared in CALIFORNIA AND WESTERN MEDICINE, for January, on page 40. What follows, is Chapter II.)

CHAPTER II

No. of Item	Nature of Item	Page
A	Text of C.M.A. Bill (A.B. 1200).....	65
I	Governor Warren Drafts State Health Insurance Plan	68
II	Hit 'n' Miss: Medical Security.....	68
III	Governor Warren Drafts Health Laws...	68
IV	Health Insurance Now Practical State Issue	69
V	California Medical Association Tables Medical Care Plan for State Health Insurance Idea	69
VI	California Medical Association Rejects Governor Warren's Plan.....	70
VII	Roseville Doctor Opposes Health Insurance Bill	70
VIII	Labor Pushes Prospective California Health Care Plan	70
IX	New Deal Hopes For Regulation.....	71
X	Selective Service Examinations Show Health Needs	71

XI	Dentists O. K. Health Levy.....	71
XII	Federal Health Legislation Study Announced	71
XIII	Governor Warren's Health Program.....	72
XIV	Governor Warren Lists Principles of Medical Plan	73
XV	Governor Warren Cites California Health Blot	73
XVI	Governor Warren's Health Bill.....	73
XVII	Governor Warren Health Plan May Get "Kiss Off" of Politics, Pressure.....	74
XVIII	Governor Warren's Health Plan.....	74
XIX	Health Insurance	75
XX	Sidney Hillman Says P.A.C. Is to Be Prepared	75
XXI	Assembly Gets Health Bills.....	75
XXII	Labor Economist Favors Two Changes in Warren Health Plan	75
XXIII	Press Release: California Medical Association	75
XXIV	Health Measure Needed.....	76
XXV	California Health Bill.....	77
XXVI	C.I.O. Sponsors Health Bill; Will Seek Vote of People at General Election If Not Passed By California Legislature..	77
XXVII	C.I.O. Council Comments on Its Health Bill	77
XXVIII	C.I.O. to Offer Public Health Bill for State of California	77
XXIX	Health Bill to Exempt Religious Objectors	78
XXX	Medical Care Bills Will Go to Public Health Committee	78
XXXI	Re: Report on Conference Between Governor Warren and Dr. Philip K. Gilman	78
XXXII	Governor Warren Summarizes Conditions, Benefits of His Compulsory Medical Plan	78
XXXIII	California League of Women Voters Favors Health Insurance.....	79
XXXIV	Legislature Receives Governor's Health Insurance Bill	79
XXXV	C.M.A. Invites Group Leaders to Discuss Health Plans	79
XXXVI	Basic Medical Services Outlined in Governor Warren's Health Bill.....	79
XXXVII	"U. S. and California Health Plans Need Not Conflict"	80
XXXVIII	Health Service Bill Given to Legislature by Governor Warren.....	80
XXXIX	Keep Health Insurance Flexible.....	81
XL	California Medical Association Offers State Health Plan	81
XLI	Legislature Gets State Medical Association's Health Measure	82
XLII	Two More State Health Bills Introduced..	82
XLIII	Doctors of California Outline Their New Health Plan	82
XLIV	California Medical Association: Digest of C.M.A. Bill (A.B. 1200).....	83
XLV	Health Insurance As Proposed in 1933...	83
XLVI	Health Care Discussed by State Leaders at Dinner Sponsored by C.M.A.....	83
XLVII	G.O.P. Split Looms on Health Plan.....	84
XLVIII	Chiropractors Left Out of Warren Health Bill	84
XLIX	California Medical Association Invites Representatives of Government, and Other Agencies to Conference in Sacramento	85
L	State Medical Care Bills.....	85
LI	Senator Shelley of San Francisco Proposes Sickness Unemployment Payments from Existing California Unemployment Fund	86
LII	Legislature Recess Began on January 27.	86
LIII	Labor League Gives Health Insurance Plan a Vote of Confidence.....	86
LIV	3,385 Bills in 1945 Legislative Hopper; But Record Was 4,175 in 1939.....	87
LV	Legislative Committees to Open Hearings; Warren Will Campaign for Health Bill.	87
LVI	California Health Insurance Plans Debated at Town Hall Meetings in Los Angeles	87
LVII	No Recess in Health Bill Fight.....	88
LVIII	Governor Warren's Public Health Bill Explained By Assemblyman Wollenberg..	88
LIX	Cost of Governor Warren's Health Plan Figured	88
LX	Analysis of Health Insurance Plans: A.B. 449 (C.I.O.) 39; A.B. 800 (Governor Warren's Bill) 90; A.B. 1415 (Bill of former Governor Olsen) 90; S.B. 218 (California Farm Bureau County Hospital Bill) 91; A.B. 1200 (California Medical Association Bill) 91; S.B. 219 (California Farm Bureau Bill) 92.	

**Proposed Sickness Insurance Act, Submitted by the
California Medical Association to 56th California
Legislature, January 25, 1945**

ASSEMBLY BILL

No. 1200

INTRODUCED BY MESSRS. SAM L. COLLINS, FULLERTON; C. DON FIELD, GLENDALE; THOMAS HAROLD WERDELL, BAKERSFIELD; T. FENTON KNIGHT, LA CANADA; CHARLES W. STREAM, CHULA VISTA; THOMAS M. ERWIN, PUENTE; CLYDE A. WATSON, ORANGE; AND ALBERT I. STEWART, PASADENA.

January 25, 1945

REFERRED TO COMMITTEE ON PUBLIC HEALTH

An act to amend the title and Section 3 of, and to add Articles 11 to 14, inclusive, comprising Sections 151 to 209, inclusive, to the Unemployment Insurance Act, relating to a system of social sickness insurance, both within and as a supplement to the system of unemployment insurance, and relating to a system of encouragement of non-profit medical, surgical or hospital periodical payment plans.

The people of the State of California do enact as follows:

SECTION 1. The title of the act cited in the title hereof is hereby amended to read as follows: "An act to establish a system of social insurance, consisting of unemployment insurance and sickness insurance, and to establish a system of employment officers for this state and make an appropriation therefor, and to establish a system encouraging the people of this state to become enrolled in non-profit medical, surgical or hospital prepayment plans", approved June 25, 1935, as amended.

SECTION 2. Section 3 of the act cited in the title hereof is hereby amended to read as follows:

SEC. 3. This act shall be known and may be cited as the Unemployment Social Insurance Act.

SECTION 3. Articles 11 to 14, inclusive, comprising Sections 151 to 209, inclusive, are hereby added to the act cited in the title hereof, to read as follows:

Article 11. Public Policy Relating to Sickness.

SEC. 151. The provisions of Articles 11 to 14, inclusive, of this act establish and provide for a plan of sickness insurance integrated with the system of unemployment insurance, together with a plan for state aid and encouragement to those of its citizens who enroll in approved non-profit medical, surgical or hospital prepayment plans.

SEC. 152. As a guide to the interpretation and application of Articles 11 to 14, inclusive, of this act, the public policy of this state with respect to the distribution of the costs of medical care and the practice of medicine and surgery is declared as follows:

With respect to those people in the State of California whose incomes are not sufficiently high to meet without undue hardship the costs of serious illness or injury, and whose incomes are not sufficiently low to qualify for public aid and assistance in county hospitals and private charitable clinics, there is a definite problem with respect to the payment of the costs of medical care. As to these people, the problem is how to distribute such costs so that an undue burden does not fall on a few unfortunate individuals, and yet at the same time preserve those forces in the field of medicine and surgery that have resulted in the quality of medical care in this state being as high or higher than anywhere in the world. Those forces cannot be preserved and fostered by any state action regimenting and stifling the competitive spirit or an individual's desire to do a better job. State control over the practice of medicine inevitably injures the competitive spirit and thwarts the initiative of individual physicians, and thus in the long run is injurious to the public health and welfare. Particularly, at the present time, state control would be a catastrophe to the health and welfare of the people of this state, because with available physicians and surgeons reduced by one-third, due to war conditions, the unavoidable disruptions during a period of change to a new and unfamiliar system of practice, coupled with the increased demand for professional services for minor ailments which experience proves is inevitable, would necessarily cause a complete break-down of medical care in California. The chaos caused by such a breakdown would expose the people of this state to the risk of epidemics, increased deaths, and in general all of the terrible consequences of an absence of a sufficient number of physicians to care for greatly expanded demands of the population.

While it is thus apparent that the problem of distributing the costs of medical care cannot be solved by a complete system of state control over medical services,

It does not follow that the state is helpless to aid and assist those of its citizens who face undue hardships through the burdensome costs of serious and prolonged illness or injury. Such state aid and assistance may take several forms; it may include payment of cash benefits to wage earners to assist in the payment of hospitalization costs incurred while ill or injured through non-industrial causes; it may take the form of a credit against the tax imposed by Section 44 of this act, for those employees in this state who have made due provision for the costs of medical care by enrolling in approved non-profit medical, surgical or hospital prepayment plans; it may take the form of an authorization to employers to withhold from the pay of non-objecting employees sufficient sums to defray the monthly dues or subscription charges of approved non-profit medical, surgical or hospital prepayment plans. All of these approaches to the problems aid in mass distribution of medical costs and yet do not interfere with good medical practice. Neither do they add further tax burdens on the people or impossible physical burdens on already overworked physicians during time of war. Further, they give real assistance to the many voluntary prepayment plans which are now serving the health needs of hundreds of thousands of people in this state. With these encouragements and benefits from the state, it is within the means of all wage earners to budget, through small monthly payments, the major costs of illness or injury to themselves or their families.

It is the purpose of the following articles to adopt all of the foregoing measures, to the end that the people of this state may be both encouraged and assisted to make due provision for payment of the costs of medical care and hospitalization on a periodic budgeted basis. The following articles shall be liberally construed to effect their purposes.

Article 12. Approved Non-Profit Medical, Surgical or Hospital Prepayment Plans.

Sec. 160. The term "approved non-profit medical, surgical or hospital prepayment plans" means each and all of the following:

(a) Any non-profit corporation holding a certificate issued by the State Board of Medical Examiners, the State Board of Osteopathic Examiners, or the State Board of Dental Examiners, under Subdivision (4) of Section 593a of the Civil Code.

(b) Any non-profit corporation holding a certificate of authority issued by the Insurance Commissioner under Chapter 11A of Part 2, Division 2 of the Insurance Code.

(c) Any insurance company holding a certificate of authority from the Insurance Commissioner authorizing it to transact a disability insurance business in this state.

Sec. 161. The term "approved hospital prepayment plan" means any corporation qualifying under subdivisions (b) or (c) of Sec. 160.

Sec. 162. The term "approved medical and hospital prepayment plan" means any corporation qualifying under subdivision (a) of Sec. 160, provided that it actually defrays hospital as well as medical or surgical costs as an integral part of its operations.

Sec. 163. The term "approved medical prepayment plan" means any corporation qualifying under subdivision (a) of Sec. 160 as to contracts issued which do not include defrayment of hospital costs.

Sec. 164. With respect to all workers enrolled in and entitled to the benefits of any approved non-profit medical, surgical or hospital prepayment plan, the contributions required by Section 44 of this act shall be adjusted as follows:

(a) The contribution to the fund of each worker who is enrolled in an approved hospital prepayment plan shall be 17/20ths of 1 per cent of his wages paid by an employer with respect to employment, except that the rate of contributions required of any such worker shall not in any year exceed 50 per cent of the general rate required of employers.

(b) The contribution to the fund of each worker who is enrolled in an approved medical and hospital plan shall be 10/20ths of 1 per cent of his wages paid by an employer with respect to employment, except that the rate of contributions required of any such worker shall not in any year exceed 50 per cent of the general rate required of employers.

(c) The contribution to the fund of each worker who is enrolled in an approved medical prepayment plan shall be 13/20ths of 1 per cent of his wages paid by an employer with respect to employment; except that the rate of contributions required of any such worker shall not in any year exceed 50 per cent of the general rate required of employers.

Sec. 165. No worker shall be entitled to the reduced contributions provided in Sec. 164 of this article if enrolled in or a policy holder of any insurance company qualifying under Sec. 160(c) of this article, unless the

contract or policy issued to such worker complies with Section 10176 of the Insurance Code and contains the provision required for hospital service contracts set forth in Subdivision (h) of Section 11512 of the Insurance Code. If the commission determines that any contract of policy by an insurance company does not comply with the requirements of this section, the contributions of each worker to whom any such contract or policy has been issued shall immediately be restored to the rate set forth in Section 44 of this act.

Sec. 166. For the purpose of determining the rate of contribution by a worker under this article, the commission shall examine the membership certificate, subscription agreements, policies or other contracts issued by all approved non-profit medical, surgical or hospital prepayment plans, and shall classify each of such contracts under the rate imposed by Sec. 164(a) or the rate imposed by Sec. 164(b) or the rate imposed by Sec. 164(c). In making such classification the commission shall be governed by the provisions of Secs. 160, 161 and 162 of this article. Each such approved non-profit medical, surgical or hospital prepayment plan shall, upon request of the commission, promptly submit to it specimens of all certificates, agreements, policies or contracts currently being issued.

Sec. 167. Each worker who is enrolled in an approved nonprofit medical, surgical or hospital prepayment plan shall so notify his employer, in duplicate, on a form prescribed by the commission, indicating thereon the rate of contribution under this act applicable to him. The employer shall retain one copy of such form and forward the other copy to the commission with the next succeeding payment of contributions to the commission under the provisions of this act. After receipt of such notification the employer shall thereafter withhold from such worker's wages the applicable amount as provided in this article, and shall continue to withhold such amounts as long as the worker remains enrolled in any such approved non-profit medical, surgical or hospital prepayment plan. With respect to any worker who ceases to be enrolled in any such plan his employer shall, immediately upon such termination, restore the wage deductions provided in Section 44 of this act.

Sec. 168. The commission may make and enforce such regulations as are necessary to carry out the provisions of this article. The commission may prescribe such forms and the manner and time of filing same with it, as in its judgment are necessary to administer the provisions of this article.

Sec. 169. This article and the rates of contributions by workers herein provided shall not become effective until January 1, 1946.

Article 13. Group Contracts for Benefit of Sick or Injured Employees.

Sec. 180. It shall be lawful for any employer to enter into a written contract with any approved non-profit medical, surgical or hospital prepayment plan for the purpose of furnishing to the employees of such employer, or to the employees and family dependents of such employer, medical or surgical services or hospital care contingent upon sickness or injury, and to collect or retain a portion of the wages of the employees for such purposes and to pay the same over to the approved non-profit medical, surgical or hospital prepayment plan.

Sec. 181. Any employee may reject the coverage of such contract at the time the contract is entered into or at the time of his employment, if entering employment after the date of such contract, by giving written notice to the employer of his desire so to do, or, having been under such a contract, by giving such notice thirty days in advance of its anniversary date. It shall be unlawful for any employer to retain any portion of the wages of any employee who has filed such notice of rejection, and neither such employee nor his family dependents shall be entitled to any of the benefits of such contract.

Sec. 182. No contract entered into pursuant to the provisions of this article shall be valid or effective between the employer and a non-profit medical, surgical or hospital prepayment plan for a period of more than two years; provided that any such contract may be renewed upon its expiration. It shall be unlawful for any employer, except as in this act provided, to collect or retain any part of the wages of any employee for medical, surgical or hospital care and attention, or to use or expend any part of the wages of any employee for medical, surgical or hospital care and attention, or to use or expend any part of the wages so collected or retained for such purposes.

Sec. 183. No deduction in excess of 25c per day shall be retained from the wages of any employee who works three days or less. Any employee who has contributed under a contract with an approved non-profit medical, surgical or hospital care plan for a full month, or any part thereof, and who leaves the employment in which

he was engaged at the time such contributions from wages were made, shall be entitled to a receipt from the employer showing the period and the purpose for which each contribution was made, and such employee shall be entitled to the protection and benefits of the contract under which said contribution was paid to the end of the period for which the employee's payment applied. In the event such employee shall enter the employ of another employer during the period for which such contribution was made and retained from his wages, and shall file the said receipt with such employer, no further deduction from his wages shall be made for the period stated in said receipt. Except as hereinabove provided, the sums to be collected and retained by the employer and paid over to an approved non-profit medical, surgical or hospital prepayment plan under the provisions of this article, shall be such as are fixed in the contract.

SEC. 184. The contracts of any approved non-profit medical, surgical or hospital prepayment plan shall not be deemed to apply to sicknesses or injuries for which compensation is payable under Division 4 of the Labor Code, or for which compensation or indemnification is payable under any state workmen's compensation or federal employer's liability act, and nothing contained in this article shall supersede or in any manner impair the benefits of any medical, surgical or hospital care to which an employee is or would be entitled under any of said workmen's compensation laws.

SEC. 185. Every contract entered into under the provisions of this article shall state in clear and well-defined terms the services and care to be provided and each such contract shall at all times be open to inspection by any employee for whose benefit it is made. It shall be the duty of the employer to post, and keep posted in conspicuous places about his plant, notices stating that such a contract has been entered into for the benefit of the employees, and is on file in the office of the employer.

SEC. 186. It shall be unlawful for any employer to retain, directly or indirectly, any part of the money collected or retained pursuant to the provisions of this article for his own use or benefit, but all sums collected by each employer, prior to delivery to the approved non-profit medical, surgical or hospital prepayment plan, shall be deemed trust funds and shall be placed and kept in separate accounts by each employer. Such funds shall in no event become a part of the assets of the employer. In the event the employer shall fail to place and keep said funds in separate accounts and pay them over to such approved non-profit medical, surgical or hospital prepayment plans within the time required in the contract, or in the event said funds become commingled with the funds of the employer and the employer becomes bankrupt or insolvent or if a receiver is appointed to operate the business of such employer, the funds herein described shall be entitled to the same preference as given to claims of the state under Section 46 of this act.

SEC. 187. It shall be unlawful for any approved non-profit medical, surgical or hospital prepayment plan to pay any fee or commission to any employer, employee or any third person, except duly appointed employees or agents of any such approved non-profit medical, surgical or hospital prepayment plan, for soliciting or securing contracts of the character described in this article; and it shall be unlawful for any employer, employee or any other person, except duly appointed employees or agents of approved non-profit medical, surgical or hospital prepayment plans, to accept, directly or indirectly, any fee or commission from any such approved non-profit medical, surgical or hospital prepayment plan, for soliciting or securing contracts of the character described in this article; and it shall be unlawful for any employer, employee or any other third person, except duly appointed employees or agents of approved non-profit medical, surgical or hospital prepayment plans, to accept, directly or indirectly, any fee or commission from any such approved non-profit medical, surgical or hospital prepayment plans or any other person for soliciting or securing any such contract.

SEC. 188. Each employer shall keep a true and accurate record of the number of employees to which any such contract applies, the amount of moneys collected or retained each month thereunder, and such other information as the commission may by regulation prescribe, and each employer shall, on such forms as the commission may prescribe, report to the commission at the same time that contributions required under this act are forwarded to the commission, the amount of money collected or retained from employees and the amounts paid over to an approved non-profit medical, surgical or hospital prepayment plan during the calendar quarter for which payment of contributions is being made.

SEC. 189. The contracts, books and records of all approved non-profit medical, surgical or hospital prepayment plans relating to contracts with employers under

this article shall be open at all reasonable times to inspection by the commission or its agents.

Article 14. Sickness Benefits.

SEC. 200. "Sickness benefits" means money payments payable to an individual with respect to disability when accompanied by confinement in a hospital for an illness or injury for which such individual is not entitled to compensation under Division 4 of the Labor Code, and is not entitled to compensation or indemnity under any workmen's compensation or employer's liability law of any other state or of the federal government.

SEC. 201. An individual shall be eligible for sickness benefits if

(a) he is ill or injured and is confined in any approved hospital in this state, and

(b) such illness or injury did not arise out of and in the course of his employment, and

(c) his hospitalization costs are not defrayed in whole or in part by any approved non-profit medical, surgical or hospital prepayment plan, and

(d) he has notified the commission of his illness or injury and has made a claim for sickness benefits as required by the regulations, and

(e) he would have been entitled to unemployment benefits under Article 5 of this act if he had become unemployed at the time of his hospitalization, and

(f) he is under the care of a physician and surgeon licensed to practice medicine and surgery in this state, and

(g) he has been continuously hospitalized for a waiting period of four days.

SEC. 202. The maximum total amount of sickness benefits payable to an individual in any one benefit year shall be an amount equal to the maximum total amount of unemployment compensation benefits which would be payable to the individual with respect to such benefit year under the provisions of Article 5 of this act.

SEC. 203. The rate of sickness benefits shall be computed in the same manner and in the same amounts as is provided in Article 5 of this act for unemployment compensation benefits. If an individual is hospitalized for a fraction of a week, one-seventh of the applicable "weekly benefit amount" shall be paid for each day of hospital confinement.

SEC. 204. All sickness benefits shall be payable directly to the individual entitled to the same. The commission may, in its direction, require individuals to produce evidence of application of sickness benefits towards the payment of incurred hospitalization costs, but under no circumstances shall any sickness benefit payments be made direct to any hospital, nor shall the payment of sickness benefits be in any manner conditioned upon the doing of any act by any hospital other than certification of confinement.

SEC. 205. An eligible individual is entitled to both disability unemployment benefits and sickness benefits in the same benefit year. The payment of one does not exhaust his right to the other. Payment of sickness benefits shall immediately cease upon discharge of the individual from the hospital.

SEC. 206. A claimant shall give notice of his illness or injury and confinement in a hospital to the commission, and shall be certified and recertified by such hospital with respect thereto within the time and in accordance with the manner and form prescribed by the regulations of the commission.

SEC. 207. The provisions of Article 6 of this act and the rules and regulations thereunder shall apply to filing and making claims for sickness benefits and the determination and review thereof.

SEC. 208. Sickness benefits shall be paid through public employment offices or such other agency as the commission may by rule approve, in accordance with such regulation as the commission may prescribe.

SEC. 209. All the rights, privileges or immunities proffered by this article or by acts done pursuant thereto shall exist subject to the power of the legislature to amend or repeal this article at any time.

Analyses of C.M.A. and Other Sickness Insurance Bills

*For analyses of
Sickness Insurance Bills,
see in this issue, under
Item Sixty (LX), on
pages 89-92.*

CHAPTER II COMPULSORY HEALTH INSURANCE BILLS PENDING IN 1945 CALIFORNIA LEGISLA- TURE (56TH SESSION)

ITEM I

Governor Warren Drafts State Health Insurance Plan

Sacramento, Dec. 29.—(AP.)—Expressing the opinion that at present only the wealthy and extremely poor are receiving adequate medical attention, Governor Warren, on December 29, proposed that California pioneer a compulsory health insurance program to provide care for those of moderate income.

Frankly anticipating opposition to the plan when he presents it to the legislature next month, the Governor said he expects "a lot of people will be startled, but there is a great need for it and we shouldn't let fear keep us from trying to inaugurate it."

* * *

If California adopts compulsory health insurance it will be the first state in the union to do so, Warren said.

People, the Governor told his press conference, were startled when the workmen's compensation insurance, old age pension and unemployment insurance laws were enacted.

"But most people now realize these laws not only are humane but essential to both employees and industry, and no thinking person would want to abandon them," he declared.

* * *

"While all details have not been worked out for the program which the Governor claimed would "raise California health standards to a degree which would make us the happiest and most prosperous we have ever been," he outlined the plan generally as follows:

Financing—Both worker and employer would be subject equally to a payroll tax, possibly 1½ per cent, which would go into a State fund to finance doctor, hospital and certain types of dental bills for all contributing workers and members of their families.

* * *

Payments—a State agency, representative of workers, employers and doctors, would set up standards, determine eligibility and fix fees. A patient would have a free choice in selecting his doctor and doctors could refuse patients. If the doctor entered the system he could not accept an additional fee from a patient covered by the plan.

The Governor emphasized he is opposed to "State medicine" which he said is a plan where doctors are put on the public payroll and patients are assigned.—San Diego Union, December 30.

ITEM II

Hit 'n' Miss

Medical Security

Voluntary medical insurance through coöperative groups may head off the trend to compulsory nation-wide insurance—but by one means or another, the U. S. is going to have medical security, *Fortune* magazine forecasts in the current issue.

"The best medical care is bought by the rich and—in some large cities—obtained free by the poor," *Fortune* points out. "To get first-rate care the middle-income group must mortgage itself. According to the National Health survey of 1935-36, 90 per cent of the population of this country cannot pay for medical and hospital care adequate to its needs by the usual fee-for-service methods."

Fortune cites support for medical reform from doc-

tors as well as from the public at large. A survey of doctors in the armed forces by the American Medical Association shows 53 per cent wanting to go into the group form of private practice; while the national Opinion Research center recently found 68 per cent of the public in favor of having the social security law cover payments for doctor and hospital care.

"Many medical authorities agree that the present structure of medicine embodies serious faults," *Fortune* continues. "There is insufficient supervision of practice; insufficient use of auxiliary personnel; insufficient consultation between general practitioners and specialists. Even in cities many physicians cannot get a hospital connection.

"Not that we know no better. As a matter of fact there is one device—group practice—that embodies remedies for almost all these deficiencies.

"For years wide public recognition has been accorded such institutions as the Mayo clinic where under a single roof, a large number of carefully supervised doctors aided by highly trained auxiliaries put at the patient's disposal a mastery of all medical techniques, based on the use of complex, varied and costly equipment. Patients pay no fee to doctors engaged in such group practice. They pay fixed charges to the clinic, which pays each doctor a salary.

"But how," *Fortune* asks, "can doctors who want to serve the mass of the population located between the poles of wealth and indigence count on enough paying patients to make group practice possible?

"In recent years there has developed an answer to this question: prepayment for medical care. There are today some 210 voluntary prepayment plans in the U. S. with a total coverage of about 20 million people, 3,600,000 of whom get other than hospital service. Few such plans are connected with group practice now, but it is largely because of their spread and the implied potential encouragement of group practice that U. S. medical structure and economics may be said to be in transition.

"Once doctors and hospitals are available, the foundation of a reorganized medical system might be a network of voluntary plans for medical insurance.

"Medical fees could be kept at least as stable as in the past without breaking any anti-trust laws. The net take of the profession could be enormously increased through increased consumption of medical care. Certainly that half of all U. S. doctors who earn less than \$3,000 annually would benefit: salaries in group practice are higher at every age level than comparable private practice average net income. And \$50,000-a-year Park Avenue doctors could continue sitting at bedside on that avenue on the old fee-for-service basis."—J. L. Burton in *Woodland Democrat*, December 30, 1944.

ITEM III

Governor Warren Drafts Health Laws

Sacramento, Cal., Dec. 30.—(UP.)—Governor Earl Warren has announced he will submit to the California legislature meeting next month a plan of compulsory health insurance financed by a payroll tax on both employers and employees.

The Governor said the insurance plan would cover both contributors and their families and would provide for payment of costs of medical and hospital care. He said he believed that expenses for purchases of drugs and perhaps for basic dental care also should be included. . . .

The plan probably can be financed by a 1½ per cent payroll tax on both employees and employers, Warren said, although he emphasized that the rate cannot yet be estimated exactly.

Outlines Views

"I am not for State medicine," Warren said, "where doctors are put on the public payrolls and care is paid for from governmental funds. I don't believe in that system . . . I do want to spread the cost of medical care by compulsory contribution of workers and industry, both of whom would be beneficiaries."

He pointed out that there have been attempts to set up health insurance plans in California for 30 years, culminating in the establishment of the California Physicians' Service in 1938, but that they had not been completely successful because they do not cover enough persons. . . .

"I'm convinced," Warren said, "that the time has arrived when we must, in order to fill our obligations, have such a system. We have talked about the matter in California for years . . . But, we never have gone very far beyond the study stage and talk stage although we have known that adequate medical care and hospital service is beyond the reach of the average citizen."

"Everybody has said for years that service is available only to the wealthy and the indigent and there is considerable truth in the statement."

Citing figures of the State selective service system as showing a need for an improved health program, Warren said that of every 100 California men examined for induction into the armed services 38 have been rejected on account of physical or mental deficiencies.

In all, he said that 374,000 men between the ages of 18 and 36 have been found defective. If the figure were projected, he said, it means that about 1,500,000 California residents are below standard in health.

"I'm sure that there are many people who will be startled at the idea of compulsory health insurance," Warren said, "but there are always people startled at new things even when they have to be done."

The Governor said that it might be necessary for contributions to start some time before benefits can be inaugurated, or the State might guarantee the benefit fund during a trial period.

The coverage should be broader than present coverage of unemployment insurance, taking in self-employed and other groups, Warren said. He added that it might be wise at least at first to place a ceiling on the income level of persons covered in the plan.—Lloyd Lapham in *El Centro Post-Express*, December 31, 1944.

ITEM IV

Health Insurance Now Practical State Issue

Governor Warren has finally made general health insurance a practical issue in California, by the proposals which he is preparing to submit to the Legislature. He now invites public discussion on them, which is all to the good, provided it is informed, seeking the facts, and not political phrase-making, devising slogans to win a pre-judged case. . . .

The Governor has stated the essentials so well that there is no need to devote this opening column on the subject to a detailed analysis of them. What I have learned about it in over 60 years is far too much for the few hundred words of a single newspaper column. That must wait for another occasion; perhaps several of them.

May I, therefore, for this time, begin with a strictly personal account of the origin of my own active interest in the subject, which has continued, increasingly, throughout most of a now already long lifetime?

I first became acquainted with the "Krankenkasse," when, as a very young student in Berlin, I saw it operate under the system originally established by Bismarck, who had then only just gone out of office. This system of health insurance, inadequate though it was, appeared

so much in advance of anything of the sort we then had in America that I began commending it, at first orally and in letters to my medical friends in Germany and in America. I have kept up that advocacy through public and personal channels, almost continuously ever since.

Bismarck was smart. He knew when he had got what he wanted and had the sense to hold on to it. In 1866 he had thrown Austria out of the then loose group of Germanic commonwealths, preparatory to the coup of 1871, when, after the defeat of Napoleon III, he established a Federated Reich, with Prussia as its dominant State and no Metternich's Austria as even second.

Then he set up formally parliamentary systems, both national and state, with the elections for the lower houses so thoroughly gerrymandered as to prevent any effective opposition, and the appointive upper houses, in which all legislation must originate, virtually under the Chancellor's absolute veto. There is no room here to describe the method.

Nevertheless it was Bismarck who set up the system of social security, including health insurance, which finally became the model for the whole civilized world—last of all America, and not yet general health insurance even here.

Possibly one of Bismarck's motives was the good of the country. But the more Bismarckian one was to beat the Socialists to it, and to keep the people quiet—which largely it did.

It nearly stopped the third of the great German migrations to America, this one of workers and peasants seeking the higher wages of America and the free western land under the homestead act. American standards were higher than German, for those who succeeded in the competition, and some continued to come for these motives, until two wars shut them off. But these social security laws made life safer in Germany, and many Germans preferred that.

Ever since Theodore Roosevelt at least we have had movements for such social legislation here—all except general health insurance, which the Fishbein propaganda mislabeled "State medicine." Now even organized medicine, under Warren's challenge in California, is considering whether the time has not come to reverse that attitude.

The war has revealed how large a part of the inductees were physically disqualified, many of whom had never had adequate medical care. They have had it and learned to value it in the armed services, and when they return they will be satisfied with nothing less. Neither will organized labor, nor the more advanced members of the medical profession.

Now comes Governor Warren, with a challenge that cannot be ignored. He has stated it so well that no more need be said here, until another time.

But may I return to the personal note on which I started? It is some satisfaction to have lived to see the probable early fruition of a crusade in which I have been engaged for 60 years.—Chester Rowell, in *San Francisco Chronicle*, January 4.

ITEM V

California Medical Association Tables Medical Care Plan for State Health Insurance Idea

January 6, 1945.—Intimation that the California legislature will be asked to make State unemployment insurance funds available to solve the problem of mass medical care was made on January 5 before the House of Delegates of the California Medical Association, at the Elks' Temple in Los Angeles.

An advocate of the plan for making medical care an adjunct of the unemployment fund spoke before the closed meeting of the medical delegates.

Following his description of the plan, the delegates voted to table all proposals for a statewide health insurance system that had been placed before them earlier.

The resolutions committee was then instructed to meet last night and draw up new proposals for submission before today's session of the delegates.

Advocates of making the health care facility part of the state unemployment system pointed out that it is now in operation with outstanding success in Rhode Island, allowing full medical care for non-industrial accidents and illnesses with hospitalization of 21 days.

A spokesman for the plan pointed out that the Federal Government now holds in trust \$621,000,000 of the California Unemployment Insurance fund, and that actuarial equations show that this would be more than adequate to provide mass medical care in addition to unemployment insurance.

No increase in unemployment taxation of either the employee or employer would be necessary to finance the health plan, he said.

The physicians showed especial interest in figures indicating that mass medical care could be implemented at small administrative cost under the present state unemployment insurance governmental department, while the formation of either an adequate voluntary insurance plan or a separate State department would create a large burden of expense.

It was pointed out that under the suggested plan, the physicians would be paid their fees under an arrangement similar to the workman's compensation law, and that no governmental control of the medical profession is inherent in the proposal.

The proposal for extending the State insurance fund mass medical care was in line with a resolution adopted by the medical delegates at an earlier session of their three day meet.

The resolution stated that the association would not oppose compulsory health insurance providing the people of California wanted it and were willing to provide adequate funds for its administration.

Both C.I.O. and A.F.L. labor union representatives were present at open session of the convention.

The C.I.O. submitted a proposal through educational and legislative director Albee Slade and State secretary Mervyn Rathbone calling for a health plan financed by a 3 per cent payroll tax, split between employees and employers, and covering all persons and their families now covered by the State unemployment insurance act.

The C.I.O. plan would call for additional taxation revenue of \$250,000,000 a year, would affect about 6,000,000 persons, including indigents, and under it doctors and patients would have complete freedom of choice.

Gene Boyd, A.F.L. representative at the meet, was asked to comment on the C.I.O. plan, but declared the A.F.L. is going to wait and see what recommendations on health insurance Governor Warren submits to the legislature before taking a stand on the C.I.O. proposals.

Boyd said the A.F.L. "recognizes the need of a comprehensive system of socialized medicine," and warned the medical delegates that doctors must take the initiative in evolving an adequate plan if they wish to avoid imposition of State controls not to their liking.—Los Angeles *Daily News*, January 6.

ITEM VI

California Medical Association Rejects Governor Warren's Plan

Alternative to Health Insurance Offered

Los Angeles, Jan. 6.—(UP.)—The California Medical Association turned down today Governor Warren's suggestion for compulsory health insurance financed by payroll taxes.

The association proposed, in its stead, cash indemnities for ill or injured workers through non-industrial causes, to be paid by increased California unemployment insurance act benefits.

The medical association's House of Delegates described compulsory insurance as a dangerous threat to the practice of medicine under present wartime conditions and said that the disruption springing from revolutionary changes would result in a "catastrophe for the people of the State."

Delegates offered as a solution to the State's health problem a program extending the benefits and facilities of two already existing services and calling for more intensive enforcement of preventive measures.

Their plan depends upon legislative action to tap the growing surplus of the unemployment compensation fund, now \$622,000,000. Without increasing payroll taxes, they would allow cash indemnities in payment of hospitalization costs.

The association espoused the cause of the California Physicians' Service, which for five years has been offering a statewide, non-profit prepayment plan for families in lower income brackets, and called upon the State, management and labor to help the C.P.S. attain its objectives.—San Bernardino *Sun*, January 7.

ITEM VII

Roseville Doctor Opposes Health Insurance Bill

Editor of *The Bee*—Sir: Your editorial of January 2nd, commenting on the Governor's proposal for compulsory health insurance in California, advances the following arguments:

Premise: Thirty-eight per cent of the draft age men in California have been found to be defective, mentally or physically. This is a fact.

Premise II: If these "defective" men had received proper and adequate medical attention a significant percentage would not have been found "defective." This is also correct. But when you consider that approximately one-third of the rejections were made for the single reason that these men were considered "mentally unsuitable" for military service, your argument loses considerable weight.

Premise III: These men did not receive proper and adequate medical attention because they or their parents were unable to pay the cost thereof. This statement is only partially true. Many people in California would not accept proper medical care even if they were charged for it through taxes.

Your conclusion: A system of compulsory State health insurance could have prevented the rejection of 38 per cent of these California draftees. This assumption is absolutely contrary to all human experience. Systems of compulsory State health insurance have always caused a lowering of medical standards.

Under our present system of medical practice the people of this country have enjoyed the best physical health record of any nation on earth. As many other nations have had state health insurance for several years, even before this war, and as none of them can equal our health record, we would do well not to "kill the goose that laid the golden egg."

L. W. EMPY, M. D.

Roseville.

—Sacramento *Bee*, January 11.

ITEM VIII

Labor Pushes Prospective California Health Care Plan

Whatever else 1945 brings, it is sure to bring workers of California, and consequently of the other 47 states, a lot closer to organized health care via social insurance.

The movement toward a system of genuinely social sickness insurance based on compulsory collection from wage earners and their employers flows from three main sources, in this order: (1) organized labor, (2) organized medicine—as represented by the leaders of the California Medical Association, (3) the state administration, headed by Gov. Earl Warren (R.), who has just nimbly leaped to put himself at the head of a movement that he sees is inevitable.

Warren will submit to the California legislature this month a plan for compulsory health insurance financed by a payroll tax on workers covered by unemployment insurance and on their employers. Warren is already garnering credit for this liberal step unprecedented in the annals of the 48 states and his backing of a good bill will be fine. However, the parade had already formed largely by and around Union groups and it was on its way when he ran to the head of the line waving a drum-major's baton as if he had thought it up.

On Dec. 20 an historic letter went to doctors in this area from the office of Dr. Lowell S. Goin, clear-thinking president of the state medical association. It said in part: "Labor intends to introduce into the January session of the State legislature a bill providing for the establishment of compulsory health insurance in California. . . ." —*The American Aeronaut*, Los Angeles, January, 12.

ITEM IX

New Deal Hopes For Regulation

An if-you-don't-act-uncle-will attitude has of necessity made states increasingly vigilant about their rights as self-governing commonwealths.

It is this fear of Federal intrusion into fields historically reserved to the states or to private enterprise which has impelled Governor Warren to propose health insurance in California and request new legislation regulating other forms of insurance now in effect.

California physicians will do well to determine among themselves by what means they can assist Governor Warren in the formation of a health insurance program which will set a national standard and not make traditional practice of medicine obsolescent.

Certainly that offers more for them than obstruction leading to Federal action setting up another agency with the bureaucratic propensity for regimentation.

Washington bureaucrats may be sowing the seeds of their own destruction by their continued zeal for the regulation of the lives of all Americans. But while they're still riding high California legislators had better give close attention to scrutinizing the operation of fire and life insurance companies within this State.

President Roosevelt has declared that his administration is not sponsoring legislation for regulating insurance companies. It is the old story of where there is so much smoke there must be some fire.

Such a disavowal does not accord with the obvious fact that the vast money resources of the nation's insurance companies would come in handy for certain New Deal planners. . . . —*Sacramento Union*, January 12.

ITEM X

Selective Service Examinations Show Health Needs

January, of this year, saw the completion of more than 13,000,000 examinations of registrants for the armed forces. This unprecedented mass of medical data is now being subjected to statistical analyses, according to an article entitled "National Program for Physical Fitness," by Col. Leonard B. Rountree, chief, medical division, National Headquarters, Selective Service System, published in *The Journal of the American Medical Association*, July 22.

Colonel Rountree states that a picture of the health needs of the nation has emerged as a by-product of the examinations. Some of the high points of the article follow:

In five registrations between October 16, 1940, and July 30, 1942, all males between 18 and 65 years of age were registered. Twenty-nine million were between the ages of 18 and 45, but only 22,000,000 men, between 18 and 37, were subject to induction. The Selective Service classified all men within the 18 to 45 year age range, and the medical division advised local boards as to physical requirements for acceptance into the fighting forces. In this program, some 33,000 doctors and 10,000 dentists have participated as examining physicians and dentists for local boards or as members of medical advisory boards. *All this service has been gratuitous.*

Results of all medical examinations have been recorded on special forms provided for this purpose, and copies of more than 13,000,000 of such forms are now filed in the Philadelphia branch of the Division of Research and Statistics of the Selective Service System. Of this number, approximately 4,000,000 are rejectees.

More than one-third of all rejections are for neuro-psychiatric reasons.

The 4-F pool has grown at the rate of approximately 85,000 per month during the last year. Age distribution in this group as of March 1, 1944, showed 1,400,000 under 26; approximately 700,000, 26 to 30 years, and 1,400,000 between 30 and 38. Above 38, experience has shown that there are few who can qualify and serve satisfactorily.

A National Committee for Physical Fitness, created in 1943, has launched a program to help solve this great problem, but, Colonel Rountree states, vigorous medical leadership is essential to success.—*San Francisco Argonaut*, October 13, 1944.

ITEM XI

Dentists O. K. Health Levy

Favor Governor Warren's Proposal of Prepaid Medical Care

Dentists of California went on record on January 12 as favoring Governor Warren's proposal for a system of prepaid medical care through compulsory health insurance, insofar as dentistry is concerned, and pledged cooperation in working out such a program.

This was revealed in a statement issued by Dr. Harry H. Bleeker, president of the Southern California State Dental Association.

"It is the unanimous opinion of the members of the executive councils of the California State Dental Association and the Southern California State Dental Association, that their representatives be authorized to cooperate in formulating the dental aspects of any comprehensive program for health service in which dental services are to be included," said Dr. Bleeker.

"The councils came to this decision at a recent joint meeting held at the University Club in Los Angeles."

Two Year Study

Dr. Bleeker pointed out that the decision was not reached hastily, but resulted from extensive study over a two-year period by the Council on Dental Health.

"Proponents of compulsory health insurance recently asked for our attitude on the proposal by Governor Warren," he said.

"The decision reached at the meeting of the executive councils of both California Dental Associations is our answer." . . .

—*Los Angeles Examiner*, January 13.

ITEM XII

Federal Health Legislation Study Announced

Washington, January 15.—Chairman James E. Murray

(D., Mont.) of the Senate education and labor committee, announced today appointment of a permanent nine-man subcommittee to consider all proposed public health legislation.

"The high rejection rates of Selective Service, and the recently issued report of the subcommittee on wartime health and education, have both emphasized how vitally the national security is determined by the health and physical fitness of the people," Murray said. "It is hoped that this Congress will produce legislation which in a proper way may make available more and better health care to the American people."—San Francisco News, January 15.

ITEM XIII

Governor Warren Health Program

Sacramento, January 15.—Probably destined to become the most controversial bill presented to the 56th session of the State Legislature, Governor Warren's compulsory health insurance plan will be introduced simultaneously to the Assembly and Senate late this week.

In revealing features of his proposed measure, the Governor admitted that some ramifications of it have not been worked out and that their final status will be determined by the commission, appointed to administer the program, after it has passed through the trial and error stages.

Doctors Opposed

The only organized opposition so far developed has come from the California Medical Association, but some senators and assemblymen have expressed disapproval of the plan because of its enforced financing method—the withholding of taxes from wages and salaries.

The plan, to be financed by withholding taxes beginning next year, is expected to go into operation January 1, 1947, the Governor announced, declaring it would take a year to build a fund sufficient to maintain it.

The bill will be introduced by Sen. Byrl Salsman of Palo Alto, and Assemblyman Albert C. Wollenberg of San Francisco, Warren said.

Withhold From Pay

Roughly, the plan simply says that 1½ per cent of a wage earner's pay shall be withheld from his paycheck to cover medical care, a like amount to be assessed against his employer, and that during an illness he will be attended by a physician subscribing to the plan, and at a fee to be fixed by the controlling State commission.

The program will include certain types of dental work and oral surgery.

To prevent an inequity to those in the upper salary brackets, the Governor said that an arbitrary point probably will be set so that those earners pay the tax on possibly only \$4,000 of their income.

Limit on Withholding

"It obviously would be unfair to tax the \$10,000 earner on his entire salary, while the man earning a great deal less is entitled to the same medical service," Warren said.

"Although we have set no definite place to stop, I am in favor of limiting the assessment to \$4,000 of his income."

The Governor also said that self-employers, agriculture workers, and others who do not come under the unemployment plan, can receive the State medical service by volunteer payment of the full 3 per cent tax.

Degree of Sickness

Warren said there will be a limit to just how sick the recipient can be. If his ailment develops into a lengthy hospital case, he will have to foot the bill after the illness has passed an arbitrary point. That point is yet to be settled, the Governor added.

According to the plan, there will be a set price for various classes of ailments and surgical operations and no deviation from the scale will be permitted under the law, he revealed.

Can Be No Juggling

In illustrating his point, Warren explained:

"If the price set for a tonsillectomy is \$25, the law will not permit the patient to have the operation performed by a surgeon whose fee is \$50, the patient paying the extra \$25 out of his pocket.

"If the patient wants to pay for his own operation, then he will pay it all and take the physician of his choosing. Otherwise he will accept one of the State's subscribing doctors and have it done at the fixed fee."

"There will be no mixed service, with the State paying part of the bill and the patient for extra service," he emphasized.

Tax Begins in 1946

The bill calls for the withholding tax to begin in 1946 and operation of the service to start in 1947, the Governor said.

"If we get it started now, it will give us ample time to iron out any objectionable phases and have a firm policy fixed," he said.

The Governor said he would not want to see the service start while so many Californians are away at war, asserting that to do so might interfere with fair operation of the plan.

Use Old Services

Pointing out that there now are some volunteer medical services in the State which are common to his plan, the Governor said that where these existed a direct tie-up between them and the State service can be made.

Hypochondriacs and persons with chronic diseases accumulated through the years will be an enormous problem during the first year of the plan's operation, the Governor believes, but he added that after recipients realize it is a lifetime service this problem will adjust itself.

Warren said he did not believe industry will offer material objection to the plan.

Aid to Industry

"Most industries have a health program of some kind in which they bear part or all of the expense. Any organization composed of healthy, contented people will be more vigorous, efficient and thereby more productive, which industry thoroughly realizes, he said.

No details have been worked out as to status of newcomers to the State, Warren said, as compared to those who will have paid in on the program for a year before it becomes workable.

Quicker the Better

"We may have to set a prescribed time for paying into the plan before an insuree can benefit by it.

"But, on the other hand, the entire program is aimed at raising our health standards, and the quicker we help an ailing newcomer, maybe it will be better for all of us.

"There are bound to be some inequities, which can't be helped, but it will average up so that every family will get a break," he believes.

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In a letter mailed to each senator and assemblyman over the signature of John Hunter, executive secretary, the California Medical Association opposes the program on many points.

Doctors Say Too Much

The association contends that the withholding tax features will amount to \$40 per person per year, and to which wage earners will seriously object.

The organization also contends that such a bill has

no place in the present scheme of California's plans while "3,000 of our doctors and 800,000 of our citizens are in the armed forces."

It also objects to the compulsory phase, declaring the California Physicians' Service is a volunteer plan aiming at the same result and more could be achieved by furtherance of it.—James M. Kendrick in *Sacramento Union*, January 15.

ITEM XIV

Warren Lists Principles of Medical Plan One Year Required to Establish Fund to Launch Program

Sacramento, Jan. 14. (AP)—Governor Warren said today he hopes Californians can begin enjoying benefits of his recommended health insurance program by January 1, 1947.

If the current legislature approves his plan of building a state fund to meet costs of medical, dental and hospital care, the Governor said all of 1946 would be required to accumulate sufficient money to start operations.

Principles Listed

Announcing that the measure will be introduced in each house by Senator Byrl Salsman of Palo Alto and Assemblyman Albert M. Wollenberg during the coming week, Warren said he and the legislators have agreed on the following principles:

1. A payroll contribution of 1½ per cent by both employer and employee with workers and their families eligible for benefits.
2. Inclusion in the system of all persons currently covered by unemployment insurance, but with the tax applying only on the first \$4,000 of annual earnings.
3. Allowing persons not covered by unemployment insurance to enter the system on a voluntary basis.
4. Payment of doctors and dentists on a fee basis with fees varying for different types of service. The Governor said he proposes a so-called capitation system where doctors are assigned a definite number of patients and are paid on the basis of the number assigned.
5. Permitting continuation of existing voluntary industrial health insurance programs when they meet State standards, but requiring payroll deductions for the State fund and benefit payments to the private group on the basis of service rendered.
6. Complete freedom of choice between patient and doctor.
7. Doctors will not be allowed to make "side agreements" for extra fees and continue eligible for State payments on the theory service would deteriorate for those not paying extra.
8. No exemption from the tax should be granted on the ground a patient wishes to be treated by a doctor not participating in the system.

Warren said he is not in sympathy with objections that employers should not contribute to the fund on the ground it is up to the individual to care for his own health.

Outside of the humanitarian aspects involved, Warren said, most progressive industrial organizations which have installed health systems have found efficiency increases.

"There are innumerable people who go to work half sick or really sick because they can't afford to go to the doctor," Warren said. "Others go to work distressed about a sick wife or baby and are almost worthless on the job. They slow other workers down."

The Governor said he did not agree with the contention the State should delay action until the close of the war to

determine the attitude of medical men in the armed service. Surveys show, he said, that one-third of the doctors in the service want some form of group medicine. He added he hopes service medical men will be back in private practice by 1947.

The Governor cautioned that the program would develop a number of "abuses" in its first year, but expressed satisfaction they could be eliminated as experience was gained.

One abuse, he declared, would be treatments demanded by persons with imaginary illnesses.

"Medical men tell me this will be an enormous problem and that nothing but experience in administration can give us the answer," he declared.—*San Jose Mercury Herald*, January 15.

ITEM XV

Governor Warren Cites California Health Blot

Sacramento, Jan. 11.—(UP.)—Compulsory health insurance in California would result in a State "not only happier but more prosperous than ever before," Gov. Earl Warren declared today.

Warren announced last week that he will sponsor legislation to establish the health insurance program.

He called attention to the fact that 374,100 California men between the ages of 19 and 36 were found to have physical or mental defects when examined by the Selective Service System. . . .

"The only way health insurance can be made to work is to distribute the cost of basic medical care among all who are subject to its benefits.

"At present, only the wealthy and the very poor have access to adequate medical care. The great middle class can't afford it. As a result, there is no question but what the health level of this State is far below what it should be."

Warren predicted that "a lot of people will be startled by the thought of compulsory health insurance, but we always have been startled by new things, even when we knew they were necessary."

He cited workman's compensation insurance, which he said "no thinking person would have us abandon now."

Unemployment insurance and old-age pensions experienced similar "growing pains," Warren added.—*Los Angeles Independent Review*, January 16.

ITEM XVI

Governor Warren's Health Bill

Putting it down on paper and making it into a practical law isn't proving so easy for Governor Warren in proposing a prepaid medical plan for the California people. The Governor and his aides have been wrestling with the legislative form of the plan ever since he proposed it in challenging tones to the legislature when it convened a week ago yesterday.

The Governor in that part of his address to the legislators raised his voice slightly, spoke with a chip on his shoulder. His tone said plainly that this proposal was a controversial one, it was being vigorously opposed by the medical profession, but he was making it his number one project for his first term of office and he intended to support it the full limit of his ability and exert in its behalf all his influence as the State's chief executive.

Money for the health program will be on a deduction basis for wage-earners, similar to the social security allotment plan. The medical take from the wage envelop will be 1½ per cent for each employee, the employer being required to put up a like sum. Those in the higher salary brackets will be taxed up to \$4,000 of their gross

income. Beyond that they will be exempt. The health plan will apply to an entire family, including the wife and the children.

This writer has heard numerous legislators discuss the plan, arguing back and forth as to its feasibility. Some question was raised as to whether the public would approve a deduction that might prove hit or miss. The social security money goes to everyone. The health plan will provide medical care for the sick, while the healthier people may never benefit from it. If the money should be set up per family, and be returned if not used up by illness, the plan might be fairer to employee and employer, it is argued.

Illness is the worst financial setback suffered by most families in meeting their necessary living expenses. It is a setback because of the charges for hospital and medical service. Operations are expensive. Prolonged stays in hospitals are a drain on the family purse. Babies become luxuries because of the expense of bringing them into the world and seeing that they get medical treatment in the years they suffer from children's diseases. The support of the State health plan will come from people who know what it means to pay medical costs and who fear to be forced into debt again to meet such family obligations.

The Governor overcame one of the objections of the medical men when he proposed the plan not become effective for two years. The medical profession pointed out that many doctors are now in the armed services and those now practicing are overburdened with cases. A two-year postponement will help to get the fund started, will determine whether wartime conditions by 1947 will be such that the plan can become effective.

The success of the Governor's plan depends on its final form. If the legislature harmonizes with him in devising a practical system the proposal should meet with popular approval, because the medical need is great and the expense has become too much of a burden for most middle group families. The poor and the rich get care, while the rich and the better-salaried people help to defray the cost of the service given those who have no funds of their own. The health plan will spread the cost, make fees more uniform, provide medical attention for all and should promote the general public health. If it can be made to do these things by a workable law, then California will be taking the lead nationally in providing a great public benefit for the American people.—"Sacramento," by C. J. L., in *Sacramento Union*, January 16.

ITEM XVII

Warren Health Plan May Get "Kiss Off" of Politics, Pressure

Sacramento, Jan. 16.—Unless Governor Warren elects to make enactment of his compulsory health insurance proposal a test of his personal leadership, the proposal may be kissed off to some legislative interim committee for two years' more study, Republican majority leaders believe.

General Capitol feeling is that the program is "too strong medicine" for so-called conservative elements right now. If the Governor bears down, however, it is probable his own party would be reluctant to fight the program openly because of possible damage to Governor Warren's national prestige.

But opposition to the plan is strong beyond strictly political circles. Assemblymen and senators must heed some groups that want no part of compulsory health insurance. Any gubernatorial insistence on enactment now would be embarrassing to these members.

So they are already squirming. Some insist the issue needs more study. The Governor does not agree. He has pointed out emphatically that there has been plenty of time for "study" and that the time for action is here.

A number of counter measures, apparently designed to placate the Governor while making health insurance acceptable to opposing pressure groups, are in prospect.

The California Medical Association is expected to offer one such bill, according to Ben Read its legislative representative. Assemblyman Albert C. Wollenberg of San Francisco, and Senator Byrl R. Salsman, Palo Alto, will steer the Governor's bills in the respective houses.

A pole away from the medical association stands the C.I.O.—a pressure group quite as powerful as the medical fraternity—demanding legislation even more liberal than the Governor proposes.

Preliminary handling of the measure will fall to the Senate welfare and the Assembly public health committee, neither any playground for the bill.

So, to avert as much discord as possible at this session, referral to an interim committee is considered the ideal out by a lot of smart politicians from the red and green rooms.

But, even were that done, the question then would arise: "To which interim committee should it go?"—*San Francisco News*, January 16.

ITEM XVIII

Governor Warren's Health Plan

Governor Warren privately has little hopes that his compulsory health insurance plan will be enacted at this session of the State legislature, despite all the ballyhoo from his office.

The real lowdown on the situation is that the Governor decided to beat the C.I.O. and his Democratic rivals to the punch with his sponsorship of the legislation as a prelude to the 1946 gubernatorial campaign.

Prepaid medical care is the keystone in the arch of the C.I.O. legislative setup (they even have an initiative measure on it up their sleeve); many Democrats from labor districts are strongly for it, and now Warren states that it's his No. 1 legislative baby.

If it passes, all well and good: the Governor gets the credit. If it is defeated, well, he did his part and neither the C.I.O. nor the Democrats can blame him.

But plenty of opposition is developing, and the Republican legislators are definitely being put on the spot. Whether to go along with the Governor's program, which incidentally embraces every single C.I.O. objective, or to listen to the home folks is the problem confronting the lawmakers. Warren has tossed the ball to them and it is a decidedly hot political potato.

The doctors and the druggists and dentists, the insurance men and business men, big and little, are lining up their forces in every community of the State against the proposal. And when they really start putting the heat on their home town boys at Sacramento there's going to be a lot of them squirm and get the jitters.

Under cover, there is a growing revolt against any more payroll deductions. What with deductions for income tax, social insurance tax, private group insurance, union dues, war bonds, and what not, many legislators feel that the load on the wage-earner—and the employer—is tough enough. Compulsory health insurance might not be a bad idea in principle, but can it be afforded is the big economic question of the moment.

Governor Warren is willing to compromise, if necessary to put over his plan. But so far he hasn't been able to arouse much enthusiasm among his own party in the Legislature, and even Assemblyman Albert C. Wollen-

berg of San Francisco and Senator Byrl Salsman of Palo Alto, who will handle the legislation, are lukewarm on it—very lukewarm.

Don't bet any money on the Governor winning this one this year.—"Politician" in San Francisco *Call-Bulletin*, January 16.

ITEM XIX

Health Insurance

We do not like the situation into which the health insurance proposition in the Legislature has fallen. The subject is complicated and very new to California. For this very reason we want to see it dealt with honestly and in the open. We will oppose the smothering of Governor Warren's bill, or any fast work on it in the committees.

The Legislature and the public need information on health insurance. There is a real demand for legislation to provide a system of insurance of medical care. This social advance is overdue here. But disinterested citizens want a sound system. We shall not get that without a full and honest discussion of all that is known of health insurance and of how the various plans have worked where they have been tried. We shall never get that by finagling either for or against the Governor's plan or for or against any other plan.

Those who, in the Legislature or out of it, work by devious methods to put over their own obsessions will find themselves the victims. One way or another, they will get the opposite of what they want. A dissatisfied public will lay the blame on them and in disgust perhaps force on the State some futile or disastrous scheme.

Health insurance is distinctly not a matter for antagonistic pressure groups, but for honest coöperation.—Editorial in San Francisco *Chronicle*, January 17.

ITEM XX

Sidney Hillman Says P.A.C. Is to Be Prepared

Oakland, Jan. 13.—(AP.)—Sidney Hillman told a conference of the California Congress of Industrial Organizations Council and State Political Action Committee the immediate job of the National Citizens Political Action Committee must be to organize for the 1946 congressional elections and for support of elements seeking world coöperation.

Earlier in an interview in San Francisco the national P.A.C. director said the organization plans to enter into the 1946 congressional campaigns in the same way it participated in the 1944 general election. . . .

Hillman, recently returned from a labor conference in England, said: "Large sections of Europeans believe that the entry of American labor into politics in a positive way means better hope for international coöperation."

The P.A.C.-C.I.O. conference advocated support of Governor Warren's compulsory health insurance bill; immediate enactment of a State fair employment practices act; improved old age pensions, better veterans benefits; more child care centers and reduction in voting age to 18.—Sacramento *Bee*, January 13.

ITEM XXI

Assembly Gets Health Bills

Sacramento, Jan. 18.—(AP.)—A half-dozen health insurance bills, some of them counter-measures to Governor Warren's prepaid medical plan, others merely modifying certain sections of his proposal, were disclosed today.

Assemblyman Augustus F. Hawkins, of Los Angeles, speaking for a Democratic bloc of 14 or more members, announced support of Warren's compulsory health insur-

ance measure in principle, reserving the right to differ as to details of financing and administration.

No opposition which will endanger enactment of some health insurance legislation at this session, will be offered, he said.

Two of the newly-announced bills will be authored by Senator George J. Hatfield (R, Merced County) on behalf of the California Farm Bureau Federation. These would create voluntary, rather than compulsory health services, but would provide a centralized control over all organizations which provide medical care on a periodic basis.

A C.I.O. bill and one sponsored by the California Medical Association, were announced. The former would provide for the "per capita" plan whereby physicians would be paid a flat amount on the basis of the number of patients they care for, rather than on a fee schedule, fixing the payment for operations and other specific services rendered. . . .—Hollywood *Citizen-News*, January 18.

ITEM XXII

Labor Economist Favors Two Changes in Warren Health Plan

Belief that "Governor Warren is really sincere about his compulsory health proposal, and wants the plan to work," was expressed today by Miss Margaret Stein, medical economist with the Northern California Union Health Committee who returned this week from Washington, D. C. She conferred there with doctors at the National Conference of Physicians Forum to obtain California's part in the over-all health picture.

"Governor Warren's proposal in general is excellent. Certainly we need a compulsory health insurance bill," she said.

"However, there are two points at which labor disagrees with the present projected bill. One concerns control. Labor believes that instead of an executive director who is a medical man, power should be vested with a commission representing both consumer and professional interests. Labor, agriculture, the public at large, the dental profession, and full-time teaching research end of medicine should be represented on the board along with the California Medical Association.

"Labor also takes exception to certain proposals for method of payment to the general practitioner. The trouble with the 'fee for service' plan as proposed by the Governor is that the consumer must be sick before he calls a physician—if he calls one.

"We prefer the capitation plan which gives health assurance through stipulated payment to the doctor for each citizen who selects his services, and thus assures checkup before severe illness occurs."

Specialists' fees, Miss Stein believes, would be taken care of under a special services division of the health insurance fund.

The California Medical Association's counter-proposal that funds from the unemployment insurance fund be used for cash disability benefits instead of instituting compulsory health insurance, Miss Stein is opposed to, since "we need a plan to guarantee service as well."—San Francisco *News*, January 18.

ITEM XXIII

Press Release: California Medical Association

(COPY)

San Francisco, January 18.—California's doctors are ready to give Governor Warren any requested assistance in writing his proposed health insurance bill despite the fact that the doctors have officially gone on record as

being opposed to the compulsory system which the Governor has announced.

That statement was made here today by Dr. Philip K. Gilman, chairman of the Council and president-elect of the California Medical Association.

"The Governor has not requested the California Medical Association to give him any help on his proposed bill," Dr. Gilman said, "but the Association is ready and willing to supply any technical details which the Governor may request. Through our experience of the past six years with California Physicians' Service we have accumulated a mass of actuarial data which we will be glad to lay in the proper hands upon request. It is doubtful if material of such value could be assembled from any other source in the country.

"If the Governor wants this material, all he need do is ask for it. However, this does not mean that the California Medical Association is acting as co-sponsor for any plan which might be evolved from the use of such facts and figures as we may be able to furnish. The House of Delegates of the California Medical Association has gone on record officially as opposing any compulsory health insurance plan which has so far been presented to it, including the outline of Governor Warren's plan as announced in the press and as given directly by the Governor to the Council of the Association."

Dr. Gilman detailed some of the reasons why the medical association is against a compulsory health insurance plan at this time, laying particular stress on the manpower shortage and the impracticability of setting up such a system under wartime conditions.

"The California Medical Association went on record in 1938," he said, "as favoring a system of health insurance. That was when California Physicians' Service was organized. This service has only recently emerged from the statistical study period encountered at the outset and has gained the knowledge of how a widespread health insurance plan can be operated with satisfaction to both the patient and the doctor.

"If we now attempt to extend such practices to a compulsory health insurance system and saddle the doctors and the patients with a new set of regulations and further payroll deductions, we are facing an immediate breakdown of the entire system of medical care in California.

"In the first place, there is grave doubt that sufficient manpower could be found to staff the administrative offices necessary in a Statewide compulsory plan. In the second place—and this is where the doctors are directly concerned—there are certainly not enough doctors in California to handle the additional medical work which would be thrown upon their shoulders if such a plan were instituted.

"The doctors of California and of all other states are working at top speed today. The death rate among the physicians is climbing because of overwork, long hours and the attempt to care for all cases which really demand attention.

"Now the Federal government is talking about drafting nurses and thus cutting off one of the mainstays of the doctors' offices. The burden in doctors' offices is already too great and any compulsory health insurance plan which is added on the top of the present medical structure can only bring a collapse.

"The California Medical Association has offered an alternate solution for immediate adoption. It has suggested that workers who are out of employment because of illness be granted unemployment benefits from present unemployment funds. Such benefits would help to ease the burdens of loss of income and medical and hospital expenses for the employed person.

"At the same time, the California Medical Association

has gone on record as recognizing that a problem exists in the distribution of medical care and has suggested that a joint committee of physicians, dentists, labor, management, government, agriculture, hospitals and others be established immediately for the purpose of conferring on a complete and comprehensive plan to cover the entire problem of health service in California. Invitations to all groups concerned will be issued by the California Medical Association within the next few days for a joint meeting to be held, if possible, within the next two weeks."

ITEM XXIV

Health Measure Needed

There are three choices before the people of California in the matter of health insurance. They are:

1. To do nothing about it.
2. To find themselves faced with several pressure-group initiatives, in which one they would have no part in drafting might be established in State law.
3. To cause the Legislature in session to frame carefully with the help of experts, and pass, a sane and sound compulsory measure.

To adopt the first course is to invite No. 2. The issue of medical costs is one which has become more insistent in recent years. If it is intelligently attacked, we do not believe the medical profession will suffer economically from it, or that medical standards will be impaired. We do not believe in "State medicine," so-called, nor in undermining the individual physician or his professional standing and pride, nor in subtracting from the complete freedom of choice of the physician by the citizen or patient. We want no compulsion in this direction.

But neither do we believe that the doctor or others who merely seek to maintain the status quo is being realistic about the forces at work in the modern economic world.

The issue of health insurance exists on a national scale, but we think it can be more adequately handled by State law running to a geographically more convenient and compact population. Therefore we don't think the people of California can longer afford to do nothing about health insurance. We don't think the people of California can risk the possibility of being handed a pressure-group initiative, and having to vote for it as an evil less than that of rejecting it, or less than that of some rival initiative. Such initiatives are likely to be inadequate, ineptly or meretriciously framed, and they seldom look to the whole public welfare.

So we believe the people should press the Legislature to pass a compulsory health insurance law. No better program is in sight than the one now advocated by Governor Warren, and none is so likely to look to the whole public welfare.

We do not mean the Legislature should be urged to rubber-stamp this program. There is sincere controversy over some methods to be employed in such legislation, particularly as to whether physicians shall be paid on a fee basis or a per capita basis. The question appears vital to some, but in any case we advocate careful study by the Legislature and by the committees. All sides and all points raised by the proposed legislation should be heard, and every aspect weighed. The impartial particularly should be heard, but not the impartial exclusively. Experts, such as there are, should be called in, and a thorough study made of situations where health insurance already is being tried out.

The Legislature should take its full time to mature the measure and permit public opinion to mature. No hurry. But if special, or dogmatic or reactionary interests seek to smother this legislation by committee burial or other legislative tricks, we believe legislators who

have California at heart should smoke them out and bring the matter to a test. One not only can't fool all the people all the time, but unless one is in a legislative body only for what there is in it, one shouldn't even try.—Editorial in *San Francisco Chronicle*, January 18.

ITEM XXV

California Health Bill*American Hospital Group Official Hits California Plan*

Declaring that more analysis and thought should be given to the proposed State insurance plan of Governor Earl Warren, Rex Bixby, managing director of the American Hospital Association has offered the services of that organization to the people of California, in an open letter addressed to the Governor.

"We believe that your proposal that California go down the enticing but dangerous road to socialized medicine requires much more analysis and thought than has yet been given it," Bixby wrote to the Governor.

Bixby also declared in the letter that "the road to destruction down which the countries of Fascism and National Socialism traveled was made attractive by just such paternalistic 'don't worry anymore, the State will do it for you' signs as that which it is now proposed to put before the eyes of Californians."—*Los Angeles Herald and Express*, January 18.

ITEM XXVI

C.I.O. Sponsors Health Bill; Will Seek Vote of People at General Election If Not Passed By California Legislature

Sacramento, Jan. 19.—(AP.)—The California Council of the C.I.O. announced today it will seek a vote of the people at the general election in 1946 if the present Legislature fails to approve its compulsory health insurance program "or a similar bill."

Mervyn Rathborne, secretary-treasurer of the labor organization, declared the C.I.O. backed legislation will be introduced in the Assembly Monday by Assemblyman Vincent Thomas, San Pedro Democrat.

If the measure or one like it fails of passage, Rathborne said, the C.I.O. will join with other groups to sponsor an initiative.

The C.I.O. program, announced just before both houses adjourned for the weekend, attracted particular attention due to speculation over how it will compare with the final draft of Governor Warren's measure to be introduced next week.

Rathborne outlined provisions of the Thomas legislation as follows:

Persons Included—All persons eligible for unemployment insurance, all State, county and municipal employees, their spouses and dependent children under 18; recipients of State and public assistance. The Federal Government could include its employees and public assistance recipients if it desired. Procedures would be developed to include farmers, farm workers and self-employed persons now excluded from unemployment insurance benefits.

Financing—A 3 per cent payroll tax to which employer and employee would contribute equally on the first \$5,000 of annual income.

When Operative—Tax collections to start July 1 of this year. Benefit payments to start July 1, 1946.

Guaranteed Services—"All necessary medical care for each illness or injury" and not less than 21 days hospitalization for each illness when necessary, plus x-rays and other laboratory services. Oral surgery to be performed by a dentist or physician.

Administration—General policy fixed by a commission appointed by the Governor and consisting of representatives of employers, organized labor, farmers and the medical profession. The Governor would appoint a layman as executive director on nomination by the commission. "A highly qualified physician would be medical director with complete authority in all matters strictly professional in nature."

Patient Relations—Doctors would be paid a stated sum per patient per year. Individuals would have a choice of doctors and doctors could reject patients. Patients could change doctors each three months.

With the Senate voting to end the first half of its session a week from today and reconvene on March 5, legislators hastened today to get their measures into final shape. . . .—*San Jose Mercury-Herald*, January 20.

ITEM XXVII

C.I.O. Council Comments on Its Health Bill

Sacramento, Jan. 19.—(UP.)—The executive board of the California C.I.O. Council today told the State legislature to pass a compulsory health insurance bill "or else."

Mervyn Rathbone, secretary-treasurer of the council, said a bill entitled "the people's health act" will demand attention in the assembly Monday, January 21. It is sponsored by Representative Vincent Thomas, D., San Pedro.

If the legislature fails to pass the act or a similar bill, the C.I.O. intends to spearhead a movement to get it on the 1946 ballot as an initiative measure, Rathbone said. . . .—*Los Angeles Daily News*, January 20.

ITEM XXVIII

C.I.O. to Offer Public Health Bill for State of California

Sacramento.—The first public health insurance bill in opposition to Governor Warren's forthcoming proposals will be offered to the Legislature Monday, the California C.I.O. Council announced on January 19.

Attached to the announcement was a statement that the executive board of the C.I.O. Council has served notice that if the Legislature doesn't pass the People's Health Act or a similar bill, the C.I.O. will join with other groups to try for enough signatures to put such a measure on the next general election ballot.

C.I.O. Bill

Much of the C.I.O. bill is substantially or entirely similar to Warren's. Principal differences are:

Benefits in the way of medical care would begin July 1, 1946, instead of January 1, 1947.

Payroll contributions (1½ per cent by both employer and employee, as in the Warren bill) would be levied on a maximum salary of \$5,000 instead of \$4,000.

The fee schedule system of compensating doctors would apply only when "special medical benefits" are given. All other benefits, including hospitalization and laboratory, would be on a per capita basis.

A California Health Insurance Committee of nine appointed by the Governor would administer the act. The committee would be composed of two from the employer group, two from unions, two from the medical profession, two from agriculture and one from the general public. The majority of employees in the State, those not belonging to unions, would contribute most of the funds, but they would be without representation on the committee.

Assemblyman Vincent Thomas of San Pedro will introduce the measure. . . .—Chester G. Hanson, Los Angeles Times Representative at Sacramento, in *Los Angeles Times*, January 20.

ITEM XXIX

Health Bill to Exempt Religious Objectors

Christian Scientists, Others Would Not Be Compelled to Carry Insurance

Examiner Bureau, Sacramento, Jan. 20.—The compulsory health insurance bill to be introduced in the legislature Wednesday under sponsorship of the Administration will contain a provision exempting persons having religious scruples against participation in such a program, Governor Earl Warren disclosed today.

The Governor said he knew of no religious group which would be likely to object to participation, other than members of the Christian Science Church. The exemption, he explained, would be granted by the administrative agency, upon the filing of an affidavit by the objector.

"He would then be automatically exempted from the system," Warren said.

Religious Liberty

"We must include such a provision," the Governor added, "to protect religious liberty, which is a right guaranteed by the Constitution. I don't believe many people will make such an affidavit unless they actually have the scruples, but certainly, when people have certain religious beliefs, they should not be compelled, against those beliefs, to contribute to a cause opposed to them."

The Governor at his press conference asserted he believed the C.I.O. health insurance bill to be introduced Monday was "sound in principle," although he did not agree with the system of paying doctors proposed by the C.I.O. The Warren plan is based on the "fixed fee" system. The C.I.O. bill would pay a physician so much a month, a quarter, or a year for each patient under his care.

"There are many other details which differ," the Governor said. "But I am extremely hopeful that out of the two bills and any others that may be introduced, the Legislature will be able to write a real health insurance bill that will serve the needs of the public."

Osteopaths

At least 80 per cent of the osteopaths in the State will participate in the system, Warren said. Out of 2,000 osteopathic practitioners, about 1,600 are licensed as physicians and surgeons and will, therefore, be eligible under the proposed bill. . . . —R. W. Jimerson in San Francisco Examiner, January 21.

ITEM XXX

Medical Care Bills Will Go to Public Health Committee

Examiner Bureau, Sacramento, Jan. 22.—After much behind-the-scenes deliberation, members of the Warren administration and Assembly members favorable to compulsory health insurance have decided to refer all "prepaid medical care" bills to the committee on public health. . . .

The C.I.O. bill was introduced late today by Assemblyman Vincent Thomas of San Pedro and referred by Lyon without comment or objection to the health committee.

The public health committee headed by Fred F. Kraft (Republican) of San Diego, consists of 13 members, eight of whom are Democrats. The Democrats are generally regarded as friendly to a compulsory health insurance program, which means that the Democratic majority on the public health committee may be expected to give the bill a "do pass" recommendation. . . . —Los Angeles Examiner, January 23.

ITEM XXXI

Re: Report on Conference Between Governor Warren and Dr. Philip K. Gilman

(COPY)

San Francisco, January 24, 1945.

Mr. Larry Fanning,
Managing Editor,
San Francisco Chronicle,
San Francisco, California

Dear Mr. Fanning:

Today's Chronicle of Wednesday, January 24th, on the first page, contains a Sacramento dispatch from your political editor, Mr. Earl C. Behrens, in which appears a statement printed in bold face type, in which my name is mentioned.

The statement concerning my conference with Governor Warren reads thus: ". . . Dr. Gilman's conference with Warren today was considered highly significant. It was indicative that there will be a split among the doctors over the action of their State Association."

Mr. Behrens' statement is in error. Mr. Behrens spoke to me as I left the conference with Governor Warren, and I told him I had seen Governor Warren at the Governor's request, but only as a private citizen, and not in any official capacity. The conference was arranged through State Health Director Halverson, who was informed that I could only see the Governor at this time as a citizen, and not as a representative of the California Medical Association.

The dispatch sent in by Mr. Behrens has placed me in an embarrassing position and I hope *The Chronicle* will make proper correction and also take steps to prevent a repetition of such errors. My conversation with Mr. Behrens should have left no doubt concerning the capacity in which I responded to Governor Warren's request for a conference.

Very truly yours,

(Signed) PHILIP K. GILMAN, M. D.

(Note. See also Item XLVI on Page 83.)

ITEM XXXII

Governor Warren Summarizes Conditions, Benefits of His Compulsory Medical Plan

Sacramento, Jan. 23—Governor Warren tonight summarized the highlights of his proposed compulsory health insurance bill as follows:

1. Persons covered by the act.

All private and public employees and their dependents, exceptions thereto being those classes not covered by the California Unemployment Insurance Act. These exceptions may come into the system on a voluntary basis, consent being required by both employer and employee.

2. Contributions to be paid.

Three per cent of salary or income up to \$4,000, 1½ per cent paid by employer, 1½ per cent by employee; self-employed paying full 3 per cent. Entire collection to be handled by Employment Stabilization Commission along with administration of Unemployment Insurance Act.

3. Benefits to be received.

Prepaid medical care including specialist services such as surgery, etc., hospitalization where necessary, 21 days for each separate illness; drugs and other supplies during hospitalization. Dental services to be limited to extractions, surgery, treatment of infection, etc.

4. Professional service.

To be rendered by licensed physicians and surgeons (and osteopathic physicians and surgeons), and licensed dentists. Patient is insured free choice of doctor by fee system for compensation which contemplates payment to physician upon his rendering a proper statement to the

authority. No licensed physician or dentist may be denied registration except upon a hearing by a professional committee.

5. Exceptions.

Those who by religious belief do not desire the benefits from the act are exempt.

6. Administration.

Authority of 11 members. Three from employers; three from employees; three medical men, one of whom must have hospital management connection; one dentist, and the director of public health. Manager of system to be appointed by the Governor for a term of four years on recommendation of commission to operate under the direction of the authority.—*San Francisco Chronicle*, January 24.

ITEM XXXIII

California League of Women Voters Favors Health Insurance

State President Says No Specific Program Indorsed

Sacramento, Jan. 23. (AP)—Mrs. James G. Scarborough of Los Angeles, president of the California League of Women Voters, today announced that the league favors a compulsory health insurance program.

She said the league has not indorsed any particular program but favors a plan "based on principles and administrative practices which experience has proved to be sound."

Legislation Sought

The league is also supporting a Statewide mental hygiene plan, as well as "a program aimed at the prevention of mental illness," Mrs. Scarborough said.

Other legislation supported by the organization, which claims from 3 000 to 4 000 members in California, includes: . . . —*Los Angeles Times*, January 24, 1945.

ITEM XXXIV

Legislature Receives Governor's Health Insurance Bill

Governor Warren Will Press for Quick Passage; Full Details Outlined

Examiner Bureau, Sacramento, Jan. 23.—Governor Earl Warren tonight made public the major provisions of the "prepaid health service act" which will be introduced in the Legislature tomorrow and pressed for passage with all the force which the Warren administration can muster.

At the same time, Assemblyman Albert C. Wollenberg, who will handle the bill in the Lower House, declared strenuous opposition to proposals for creation of a special joint interim committee to investigate compulsory health insurance and then report back to the Legislature.

"Such a committee could stall health insurance legislation interminably, with the result that no bill of any sort on medical service could come out of this session," Wollenberg said. "That is the danger of the whole interim committee idea. We want health insurance acted upon at this session."

Points Outlined

The bill will be introduced by Wollenberg and others in the Assembly, with Senator Byrl Salsman and others sponsoring it in the Upper House.

Governor Warren tonight released without comment a digest covering the main points of the program. . . .

Although the bill will be introduced simultaneously in both houses, it is expected that the strategy will be to start action in the Assembly. It will be referred by Speaker Charles Lyon to the Public Health Committee, headed by Assemblyman Fred Kraft, San Diego Republican.

Kraft is also author of the resolution providing a joint interim committee to investigate health insurance, to which Wollenberg has announced opposition. Wollenberg said he had no objection, however, if the standing public health committees of both houses should get together during the February recess and collect "all the facts they want."—R. W. Jimerson in *San Francisco Examiner*, January 24.

ITEM XXXV

C.M.A. Invites Group Leaders to Discuss Health Plans

Statewide Conference Sponsored by California Medical Association

Prepaid health care plans now before the legislature will be discussed January 25 at a Sutter Club meeting in Sacramento of representatives of medicine, labor, industry, agriculture and government, Dr. Lowell S. Goin, president of the California Medical Association, announced yesterday.

Organizations who will send representatives to the meeting include the American Federation of Labor, C.I.O., Railroad Brotherhoods, Farm Bureau, State Grange, Associated Farmers, California State Chamber of Commerce, California Manufacturers' Association and the Merchants and Manufacturers' Association.

Governor Warren will attend, along with Lt. Gov. Frederick Houser, Attorney General Robert W. Kenny, Senator Jerrold L. Seawell of Roseville and Assemblymen Charles W. Lyon, Thomas A. Maloney, Sam L. Collins and Alfred W. Robertson.

Medical organizations invited to the session include the Association of California Hospitals, California State Dental Association, Southern California State Dental Association, California Pharmaceutical Association and the California Medical Association.

Proposed by the California Medical Association, the meeting was called to "start the ball rolling toward a sound, orderly and mutually acceptable plan for meeting the health needs of the people of California," Dr. Goin said.—*San Francisco Examiner*, January 24.

ITEM XXXVI

Basic Medical Services Outlined in Governor Warren's Health Bill

Examiner Bureau, Sacramento, Jan. 24.—Basic medical services provided under the prepaid medical care program sponsored by Governor Earl Warren, are enumerated in the bill introduced today in the California legislature.

Individuals under the proposed State system, the bill asserts, are entitled to "general practitioner services rendered by a physician or surgeon licensed in California, whenever such services are required by the standards of good medical practice for preventive, diagnostic, therapeutic or other medical treatment or care."

"These general services may be performed at the physician's office, or in a hospital or clinic," or anywhere else in California "in accordance with the standard of medical practice in the community in which the service is rendered."

In addition, the bill provides the following "basic services"—

Consultation and specialist services in addition to those of the general practitioner.

Laboratory and x-ray services.

Necessary hospitalization, excluding ambulance service, for not more than twenty-one days a year for each separate and distinct illness or injury.

Drugs, medicines and biologics, bandages, splints, and other supplies prescribed by the attending physician and

surgeon. Drugs other than preventive biologics are not included except when used in course of treatment in a hospital.

Certificate Required

Such general nursing service as is afforded by the hospital in which treatment is given, but not private or special nursing service.

Dental services "for the extraction of teeth, and for treatment of acute infections of the teeth, gums, alveolar processes and the bone adjacent thereto, or fractures of the jaw."

With the exception of these dental services and the "general practitioner" services first mentioned, all the other services "shall be furnished only upon the certificate of the general practitioner or specialist to whom the patient is referred." Presumably dental fillings and bridges would not be included.

Basic services are to be furnished for not more than one year for any one illness or injury, and will be provided for "tuberculosis and mental infirmities or disorders" only up to the time of diagnosis of such conditions.

Provision is made for amendment of these basic service provisions by a two-thirds vote of the eleven man authority which will administer the prepaid medical service system. The Governor may suspend the operation of any such rule or regulation in his own discretion. Except for modification of the basic services enumerated in the bill, the authority may adopt rules and regulations by mere majority vote of its members.

Increased Service

When the financial condition of the Health Service Fund warrants, the bill sanctions extension of service to provide one or more of the following: Increase of hospitalization period, additional drugs, additional medical or dental services, optometrical services.

Administration of the system will be in the hands of the California Health Service Authority, which will function with the Department of Public Health. One of the eleven members of the authority will be the State director of public health, and the Governor will appoint the other ten for four year terms. Salaries of the members will be \$25 a day while attending meetings, plus their actual expenses. The Governor will designate the chairman.

The authority is to consist of three representatives of employers, including one employer of agricultural labor; three employee representatives, two from organized labor and one public employee; three licensed physicians, one of whom is experienced in hospital management, and one dentist.

Except for the collection of contributions from employers and employees, on the basis of 1½ per cent from each on salaries up to \$4,000, all details will be administered by the authority. Collections will be handled by the Employment Stabilization Commission, which already collect unemployment insurance funds in California.

The authority's first duty will be to set up rules and regulations and fix fees to be paid for all health services furnished under the act. The authority need not make these charges uniform throughout the State.

Broad powers are given the authority in fields allied to health service. It may investigate hospitals, groups of registrants (banded together in various health services) employers and fraternal or charitable or other nonprofit health service organizations which may enter contractual relations with the State service.

The State treasury is pledged to assure the operation of the health service system until June, 1949. In a final section, the bill pledges the "faith and credit of the State," and adds:

"It is the intention and purpose of the legislature and Governor of this State that, in the event the funds

herein provided are insufficient to accomplish this operation, such additional funds shall be provided as may be necessary, to the end that the health and safety of the people of the State be properly and adequately safeguarded."—San Francisco *Examiner*, January 25.

ITEM XXXVII

"U. S. and California Health Plans Need Not Conflict"

Sacramento, Jan. 25.—No conflict need arise between a State compulsory health insurance plan, and a Federal plan, should Congress set up such a program at the same time that the Legislature does so.

This is the opinion of Governor Warren's advisers, the understanding of the C.I.O., who introduced a health insurance bill of their own, and the advice of William Green, A.F.L. head, to state A.F.L. locals.

State officials are relying on the Wagner bill now before Congress, to provide for the negotiation of contracts with the surgeon general by any state for "agreements or coöperative working arrangements . . . to utilize State services and facilities and to pay fair, reasonable and equitable compensation for such services or facilities. . . ."

It is understood here that any political subdivision of a State, any "appropriate public agency" or even private agencies and institutions may make the same sort of contracts, under the Federal proposals. The Social Security Board has the power to approve the arrangements. But money paid under these circumstances would be reimbursed from the national "trust fund."

This possibility has been kept in mind by State officials during the bill-drafting process. They consider the right to contract would neatly mesh the two systems, and yet preserve for California greater local autonomy in managing the health insurance program.

• • •

The Sacramento dinner tonight (January 25) to which officials of the California Medical Association have invited proponents of compulsory health insurance does not represent the beginning of a concession, according to Dr. Chester L. Cooley, secretary of the San Francisco County Medical Society.

The meeting carries out a command of the doctors' House of Delegates "to meet with the leaders of other groups," he and other doctors say. But it is "no retrenchment."

Both the "compulsion" feature of proposed medical legislation, and control by a Government board are strongly objected to by the doctors. They argue it would make medicine the victim of politics "even without calling in State medicine."

Meanwhile, Sacramento became a sudden attraction for the medical profession. Members of the Legislature introduced to their houses numerous medical men, visiting constituents. Requests for copies of Governor Warren's health bill mounted beyond 1,000 before it had ever been published.

The C.I.O. health insurance bill is AB No. 449. Any citizen may write the State Printer for one free copy.—San Francisco *News*, January 25.

ITEM XXXVIII

Health Service Bill Given to Legislature by Governor Warren

Hot Fight Seen on Warren Proposal

Examiner Bureau, Sacramento, Jan. 24.—Under the joint sponsorship of a group of both Republicans and Democrats, Governor Earl Warren's "Prepaid Health

Service" bill, setting up a system of compulsory health insurance in California, reached the State legislature today.

Signers of the bill introduced in the Lower House by Assemblyman Albert C. Wollenberg, Republican, San Francisco, included five Democrats and four Republicans. They were:

Democrats: Thomas Doyle, Los Angeles; Ralph M. Brown, Modesto; Francis Dunn, Jr., Oakland; Carl Fletcher, Long Beach, and Edward M. Gaffney, San Francisco. Republicans: Wollenberg; Walter J. Fourn, Ventura; John C. Lyons and Frank J. Waters, Los Angeles.

Difficulties Ahead

Senator Byrl Salsman, Republican of Palo Alto, introduced the bill in the Upper House. Coauthors were Senators H. E. Dillinger of Placerville and John F. Shelley of San Francisco.

The bill was referred to the senate committee on government efficiency and economy, which in the opinion of many observers means that compulsory health insurance will have a hard row to hoe. The eleven man committee is composed of veteran legislators, most of them conservative in makeup and with vast reserves of sales resistance. Chairman of the committee is Senator Ralph E. Swing, Republican of San Bernardino, with Harold Powers, Republican of Eagle Rock, vice chairman.

To Meet Governor

The assignment to the Governmental Efficiency Committee was made by the Senate Rules Committee, of which Salsman is a member. Although he had hoped for reference to the committee on social welfare, Salsman said the assignment ordered was "fair" and in line with precedent.

Swing immediately contacted Governor Warren and arranged for the committee to meet with the Governor late tomorrow, to learn Warren's desires with respect to handling of the measure.

The assembly measure was referred by Speaker Charles W. Lyon to the public health committee, headed by Fred F. Kraft, Republican of San Diego. Simultaneously Kraft dropped plans for a joint interim committee to study and "investigate" the whole subject of health insurance. . . —R. W. Jimerson, San Francisco *Examiner*, January 25.

ITEM XXXIX

Keep Health Insurance Flexible

State Senator Byrl Salsman, in introducing Governor Warren's compulsory health insurance bill, said three alternatives are before the people of California:

(1) To enact the Governor's bill; (2) to have to vote later on an inflexible and possibly imperfect constitutional amendment; or (3) to have a Federal public health system imposed, with accompanying expansion of Washington bureaucracy.

We believe there is another that Mr. Salsman overlooked. That is passage of the Governor's bill so amended and confused as to make it entirely ineffective, thereby dooming the plan to failure. Opponents may attempt to kill it by that means.

Legislators who truly favor the principle of public health insurance should keep one aim uppermost. That is to make the measure as simple as possible with much of the administration left to the discretion of the commission. They should bear in mind that it is to be a great social experiment and that much can be learned only by experience. If they try to set up hard and fast rules in the law for all theoretical contingencies they will come out with an entirely unworkable system.

To be efficient in the formative period the plan must be flexible. When unanticipated conditions arise there must be leeway to meet them by prompt administrative action before they can bog down the whole structure. Gradually, as experience and practice disclose the weak spots they can be strengthened by rules and ultimately, perhaps, by remedial amendments of the law.

When the San Francisco Municipal Employees Health Plan first began operation it was threatened with total collapse by the demands made upon it. But regulations were adopted to meet each difficulty until a reasonable working basis was found. Since that time it has functioned with notable success.

The State plan will have to go through the same shaking down process. The Governor and those legislators he is depending upon to secure his bill's passage should make due allowance for this realistic circumstance.—Editorial in San Francisco *News*, January 25.

ITEM XL

California Medical Association Offers State Health Plan

Bill in Direct Opposition to Governor Warren's Proposal

Examiner Bureau, Sacramento, Jan. 25.—Flames of controversy over State health insurance sprang higher today with introduction of a bill sponsored by the California Medical Association in direct opposition to Governor Earl Warren's compulsory prepaid medical care plan, to be paid for by employer-employee contributions of 1½ per cent each.

The doctors' legislation provides for a reduction of an employee's contribution to unemployment taxes, now 1 per cent on the first \$3,000 of annual income, by 15 per cent if he enrolls in a nonprofit hospital care plan, by 35 per cent if in a medical care plan and by 50 per cent if he enrolls in a plan combining both medical and hospital care.

No new taxes would be levied on the employee, or employer.

Pointing out the unemployment insurance fund now holds more than \$622,000,000, the medical association declared:

"The only way an employee can draw benefits under the present law is by being unemployed through being dismissed from employment. This bill would give employees a chance to draw benefits when they are hospitalized and are suffering from the dual burden of not drawing wages and carrying hospital costs simultaneously."

Assemblyman Sam L. Collins of Fullerton, G.O.P. floor leader, introduced the bill, which amends the Unemployment Insurance Act into a Social Insurance Act. Other developments were:

1. Assemblyman Jack Massion (Democrat), Los Angeles, said he, too, will introduce a measure that is sponsored "by the people of the State of California" It will provide insurance for everybody and in effect, it was understood, will be socialized medicine.

2. Administration supporters were opposing plans to require that the Assembly's standing public health committee, to which the Governor's bill has been referred, report to the Legislature by April 15 with recommendations on health insurance, contending such an unprecedented stipulation endangers chances of some sort of legislation at this session.

3. Preparing for public hearings during the February recess, the Assembly body sought a \$5,000 appropriation and the Senate's governmental efficiency committee asked \$2,000. Each apparently sought independent control over

the hearings, but they probably will meet jointly.

4. Governor Warren met late today with the upper chamber group, headed by Senator Ralph Swing (Republican), San Bernardino, to learn his wishes on procedure in handling his bill.

Despite administration opposition, however, the Assembly voted the April 15 deadline for a report by the public health committee. The fight against it was based on the argument that the committee could come in on April 15, contend it had not had sufficient time and delay reporting until after the Legislature adjourns.—Carl Greenberg in Los Angeles *Examiner*, January 26.

ITEM XLI

Legislature Gets State Medical Association's Health Measure

Sacramento, Jan. 25.—(AP.)—Governor Warren's compulsory health-insurance program ran into new competition on January 25 as the California Medical Association offered a rival measure to encourage voluntary participation in nonprofit medical and hospital plans.

While the medical association has openly opposed both the Warren and C.I.O.-sponsored legislation, legislators were surprised when the Association's bill was presented by Assemblyman Sam Collins of Fullerton, Republican floor leader in the lower house, and seven other Republicans.

As the Assembly concerned itself with health insurance and a flood of other measures were put in for consideration, the State Senate adopted a resolution calling upon Congress to make military training compulsory for the nation's youth when peace comes.

No Taxes Asked

The medical association plan not only dispenses with proposed new pay-roll taxes of 3 per cent shared equally by employer and employee as recommended by Warren and the C.I.O., but proposes to give unemployment insurance credits to those entering voluntary systems.

Employees enrolled in a hospital plan would get a 15 per cent unemployment insurance credit and those in a medical plan 35 per cent, with a 50 per cent credit if in both.

Governor Warren in announcing his compulsory program praised voluntary associations now in operation, but said they have failed to reach sufficient persons and a compulsory system is necessary to raise California health standards. . . .

Differ on Procedure

How the Legislature will proceed in hearing health insurance proposals remained in doubt. The Assembly approved a resolution calling for committees of the two houses to hold hearings during the February recess and report not later than April 15.

But Senator Ralph Swing, San Bernardino, who would head the Senate committee, said he and other Senators had called on Governor Warren and informed him they prefer to start hearings when the Legislature reconvenes. Swing said recess sessions would not develop information for the entire legislative membership.—Los Angeles *Times*, January 26.

ITEM XLII

Two More State Health Bills Introduced

"Voluntary" Insurance Measure, Backed by Medical Association, and Third Type System Offered

Examiner Bureau, Sacramento, Jan. 25.—Compulsory health insurance continued to hold the legislative spot-

light today, as lawmakers speeded up the introduction of bills in an attempt to adjourn the January half of the 1945 regular session not later than Sunday night, January 28.

Developments included:

1. Assemblyman Sam L. Collins, Republican floor leader, and six others introduced the voluntary health insurance bill officially sponsored by the California Medical Association. Criticizing "State control of medicine," the bill has no compulsory features, but "establishes a system encouraging the people of this State to become enrolled in nonprofit medical, surgical or hospital prepayment plans" such as those now available to any employed group.

2. Another bill setting up a different type of State sponsored medical care program was offered by Assemblyman Jack Massion, Democrat, of Los Angeles.

3. Assembly and Senate groups were jockeying politely for advantage in arranging for committee hearings during the February constitutional recess. Indications were that the assembly standing committee on public health, and the Senate standing committee on governmental efficiency would hold a series of joint sessions.

4. Legislative bill room attaches reported demand for copies of the administration bill, printed as a rush order, is likely to break all records, indicating tremendous public interest in the subject.

5. The Senate committee, headed by Senator Ralph Swing, Republican, San Bernardino, met with Governor Warren late today to ascertain his wishes as to procedure in handling the bill.

6. Legislators, State officials, doctors, farm, labor, and industrial representatives met at the Sutter Club in Sacramento, on January 25, for an informal session at which views were exchanged on the subject of health insurance in general. The meeting was sponsored by Dr. Lowell S. Goin, president of the California Medical Association. . . .—R. W. Jimerson, in San Francisco *Examiner*, January 26.

ITEM XLIII

Doctors of California Outline Their New Health Plan

C.M.A. Substitute Introduced for Governor's Bill
Examiner Bureau, Sacramento, Jan. 25.—Assemblyman Sam L. Collins, Republican floor leader, today introduced the "voluntary" health insurance bill sponsored by the California Medical Association, as a substitute for the compulsory program advocated by Governor Earl Warren, and embodied in bills introduced on January 24.

The Collins bill is in the form of amendments to the *Unemployment Insurance Act*, which is changed to the *"Social Insurance Act"*, and enlarged to "establish a system encouraging the people of this State to become enrolled in nonprofit medical, surgical or hospital prepayment plans."

C.M.A. Bill Hits State Control

Declaring that "at the present time, State control of medicine would be a catastrophe to the health and welfare of the people of this State," the bill contains a detailed statement of "public policy relating to sickness." This statement would guide the administration and the courts in the event that the bill should become a law.

The C.M.A. bill concedes that there is a definite problem with respect to the cost of medical care, among the middle income groups. The problem, it is stated, is to distribute these costs "and yet at the same time preserve those forces in the field of medicine and surgery that have resulted in the quality of medical care in this State being as high or higher than anywhere in the world."

These forces will be injured by "any State action

regimenting and stifling the competitive spirit," the bill asserts. Particularly at present, due to war conditions and absence of a third of the total number of physicians and surgeons, the proposed change to a compulsory care plan would "necessarily cause a complete breakdown of medical care in California."

State Can Help

Without attempting to solve the problem by "a complete system of State control over medical services," the bill continues, "it does not follow that the State is helpless to aid and assist those in need of help."

The bill provides no new taxes on employer or employee, but, instead, provides a reduction in taxes for employees who protect their own health through joining voluntary prepayment medical or hospital plans. In effect, the Medical Association summary points out, this is an indirect State subsidy.

The system would operate within the present State unemployment tax structure. Employees now contribute 1 per cent of the first \$3,000 of annual income. Under this bill, the contribution would be reduced 15 per cent on evidence that the employee was enrolled in a nonprofit hospital care plan meeting State standards.

If he enrolled in an approved medical care nonprofit plan, his contribution would be reduced 35 per cent. If enrolled in both a medical and hospital plan, the reduction would be 50 per cent.

Employers would be allowed to make pay roll deductions for payment of dues or premiums to these approved medical and hospital prepayment plans. Exceptions would be made for employees who state their objections in writing.

Regular unemployment benefits would be paid, under the Collins bill, to employees who are hospitalized for illness and who are not covered by an approved nonprofit plan.

The C.M.A. bill says, of these provisions:

"These approaches to the problem aid in mass distribution of medical costs and yet do not interfere with good medical practice."—San Francisco *Examiner*, January 26.

ITEM XLIV

California Medical Association: Digest of C.M.A. Bill (A.B. 1230)

MAJOR FEATURES

1. Provides for reduction in employee contributions to State unemployment taxes. Employee now contributes 1 per cent of first \$3,000 of annual income. Under this bill the employee's contribution would be reduced by 15 per cent if he showed evidence of being enrolled in a nonprofit hospital care plan which met State standards of approval. If he is enrolled in an approved medical care nonprofit plan, his contribution would be reduced by 35 per cent. If enrolled in an approved medical and hospital care plan, his contribution would be reduced by 50 per cent.

2. Allows employers to make payroll deductions for all employees for payment of dues or premiums for approved hospital, medical or surgical prepayment plans. Exceptions under this rule would be made for employees who state in writing their objections to inclusion in such plans. This feature follows the election procedure of the National Labor Relations Act, providing that majority of employees may bind all employees in joining approved nonprofit plans.

3. Provides that regular unemployment benefits will be

paid to employees who are hospitalized for illness and who are not covered for hospitalization by an approved nonprofit plan.

This bill will operate within the present tax structure. *No new taxes on employer or employee.* Instead, a reduction in taxes (indirect State subsidy) for employees who protect their own health through joining voluntary prepayment medical and/or hospital plans.

California is one of four states which impose a 1 per cent payroll tax on employees for unemployment purposes. Only way an employee can draw benefits under present law is by being unemployed through being dismissed from employment. This bill would give employees a chance to draw benefits when they are hospitalized and are suffering from dual burden of not drawing wages and carrying hospital costs simultaneously.

This bill is proposed as a means of fostering and extending the voluntary principle in health care—rather than the compulsory systems proposed by others.

ITEM XLV

Health Insurance As Proposed in 1933

We have come across an interesting reprint of a State document. It is entitled "Report of Senate Committee to Investigate the Advisability of a Health Insurance Act," dated April 19, 1933. Following is an excerpt:

"It is the duty of the Legislature to meet the human needs of today and tomorrow, to give the ordinary man and woman all the health protection that science and a progressive State can give. The right to pursue and obtain happiness is guaranteed to all by the fundamental law of the State. This right, by its very nature, includes the right to health protection and adequate care to restore and preserve health. . . .

We believe that there is a lesson in these words. In 1957 we would not like to dig out a similar futile committee report on health insurance requirements made in 1945.—Editorial in San Francisco *Chronicle*, January 26.

ITEM XLVI

Health Care Discussed by State Leaders at Dinner Sponsored by C.M.A.

Sacramento, Jan. 25.—Governor Warren's battle for the enactment of a pre-paid medical care in California under a compulsory health insurance system, produced major developments on January 24.

Tonight, about 30 leaders in government, agriculture, business, labor and the medical allied professions, met at a Sutter Club conference to discuss the health insurance question.

The dinner was called by the California Medical Association which today, through Assemblyman Sam L. Collins, Republican, Fullerton, and others introduced a bill proposing a voluntary rather than a compulsory health insurance system.

Governor Warren was unable to attend the dinner but was represented by one of his secretaries, Beach Veasy.

The majority of the speakers urged that the Legislature act carefully and slowly on health legislation.

Further meetings of the same group will be held from time to time.

Discussion of the general problem rather than any of the specific bills was the reason for meeting. The California Medical Association, through its House of Delegates, has gone on record in opposition to the Governor's program, or any compulsory system. . . .

The bill presented this afternoon by the California Medical Association declares it proposes "fostering and

extending the voluntary principle in health care—rather than the compulsory systems proposed by the Governor or the C.I.O. and others.

Digest of C.M.A. Bill

The doctors' bill would operate within the present tax structure, according to the release from the association.

A digest of the bill by the association's representatives states the following main provisions:

1. Provides for reduction in employee contributions to State unemployment taxes. Employee now contributes 1 per cent of first \$3,000 of annual income. Under this bill employees' contribution would be reduced by 15 per cent if he showed evidence of being enrolled in a nonprofit hospital care plan which met State standards of approval. If he is enrolled in an approved medical care nonprofit plan, his contribution would be reduced by 35 per cent. If enrolled in an approved medical and hospital care plan, his contribution would be reduced 50 per cent.

2. Allows employers to make pay roll deductions for all employees for payment of dues or premiums for approved hospital, medical or surgical prepayment plans. Exceptions under this rule would be made for employees who state in writing their objections to inclusion in such plans. This feature follows the election procedure of the National Labor Relations Act, providing that majority of employees may bind all employees in joining approved nonprofit plans.

3. Provides that regular unemployment benefits will be paid to employees who are hospitalized for illness and who are not covered for hospitalization by an approved nonprofit plan.

As Private Citizen

The dinner meeting tonight was presided over by Dr. Goin, president of the California Medical Association. Dr. Gilman, president-elect, also was present.

Dr. Gilman conferred with Governor Warren Tuesday. He has asked that the writer make it clear that his meeting with the Governor was in his capacity as a private citizen.

Dr. Gilman also took umbrage at the writer's conclusion that his visit "was highly significant" and was "indicative that there will be a split among the doctors over the action of their State association." (Note. See Item XXXI on page 78.)

Because of other information, the writer believed the visit to have been significant not knowing at the time that Gilman had been appearing in his private capacity or that he had been invited to see the Governor by State Director of Public Health Halverson.

The writer had no desire to place Dr. Gilman in an embarrassing position but there can be no denying the fact there is a split among the doctors over health insurance. . . .

Tonight's dinner was the occasion for a general airing of views on the entire health problem.

Included among those invited to the dinner conference were Governor Warren, Lieutenant Governor Houser, Speaker Lyon of the Assembly, Speaker Pro Tem Thomas A. Maloney, Assemblyman Sam L. Collins, Assemblyman Alfred W. Robertson, Senator Jerrold L. Seawell; Von Elsworth, Farm Bureau Federation; George Sehlmeier, Grange; R. E. Badger, Associated Farmers; Pat Merrick, State Chamber of Commerce; John A. Pettis, California Manufacturers' Association; J. R. Chelew, Merchant and Manufacturers; Gilford Rolland, San Francisco Employers' Council; Mervyn Rathbone, State C.I.O.; C. J. Haggerty, A.F.L.; George F. Irvine, Harry See, Railroad Brotherhoods; A. A. Aita, president, Association of California Hospitals; R. R. Schoenfeld, Southern California Dental

Association; Charles F. Gray, California State Dental Association; Jess D. Hardy, California Pharmaceutical Association; Drs. Lowell S. Goin, Los Angeles; John W. Cline, San Francisco; T. Henshaw Kelly, San Francisco; John Hunton, executive secretary, C.M.A.; Ben Read, C.M.A.; Hartley Peart, San Francisco, C.M.A., attorney; Dr. Howard Hassard, San Francisco; Dr. Wilton L. Halverson, State Public Health Director, and others.—Earl C. Behrens, in *San Francisco Chronicle*, January 26.

ITEM XLVII

G.O.P. Split Looms on Health Plan

Sacramento, Jan. 26.—A Republican legislative split over compulsory health insurance, advocated by Governor Warren, was clearly indicated today by both Senate and Assembly leaders.

Lieutenant Governor Frederick F. Houser, president of the Senate, and Speaker Charles W. Lyon of the Assembly, both urged caution before adoption of any plan.

Houser raised possible objection to the payroll deduction tax to finance the system, as urged in bills by the Governor and C.I.O.

Handicap Hinted

"In the case of manufacturers," he said. "This tax would probably be added to production costs and thus be a handicap in competition with outside industry."

Lyon declared he was "bewildered" by the maze of bills introduced on the subject in wartime.

"I am far from being convinced," he added, "that there is a real need and reason for prepaid medical care at this time."

Houser's and Lyon's views were made known at a forum meeting arranged by the California Medical Association at which business management and farmer representatives protested against "compulsion" or "regimentation" in any plan, while labor men voiced strong approval of some form of health service. Governor Warren was invited but did not attend.

Dr. Goin in Chair

Dr. Lowell Goin of Los Angeles, president of the Association, who presided, denied reports of any division in the organization on the issue, or that either a majority or minority of the members favored the idea.

"We have a vital problem to consider, and are studying all phases," he explained. "But a bad solution is worse than no solution at all."

Dr. John Cline of San Francisco told the gathering that compulsory health insurance was no panacea so far as the prevention of disease is concerned. He warned that lowered standards of medical care might result under such a system. . . .

The first half of the session is due to end late on January 27. More than 2,000 bills have already been introduced, with about 1,500 more to come. . . . —James Adam, *Call-Bulletin* Political Writer in San Francisco *Call-Bulletin*, January 26.

ITEM XLVIII

Chiropractors Left Out of Warren Health Bill

*Workers May Get Exemption on Pay Levy
by Affidavit Stating Religious Reasons*

Sacramento, Jan. 20.—Chiropractic doctors will not be included among those recognized as qualified to administer medical care under Gov. Warren's proposed health bill, it was disclosed on January 20 at the Governor's press conference.

In response to another of a series of rapid-fire ques-

tions, the Governor also said that followers of the Christian Science faith would not be required to participate in the program on the ground that religious freedom is a constitutional guarantee.

The employee who prefers chiropractic treatment for his illness cannot have such treatment paid out of the State health insurance fund to which he will be required to contribute, nor will chiropractic doctors be permitted to draw out of the fund.

Can Get Exemption

On the other hand, those employees who make an affidavit that they do not care to participate in the plan for religious reasons will be exempt from paying into the fund by way of the payroll deductions, the Governor said.

The questions and answers on this line came when the Governor was asked if he cared to comment on the compulsory health bill which the C.I.O. will have introduced in the Legislature next Monday.

Warren said he had not read the bill itself but from press reports on it he agreed with it "in principle." He was not indorsing the bill, he made it clear. His bill will differ from the union bill in many particulars. In one controversial particular it will agree.

Belong to Unions

Like the C.I.O. bill the Governor's bill will require that on the board which will administer the act the two representatives of the employees will have to belong to labor unions. In that respect it will be a "closed shop" bill as it is presented to the Legislature.

Asked why the working men and women of the State who do not belong to labor unions, constituting a majority of the workers, should not be represented on the commission, the Governor said he did not feel that stipulating that the employees' representatives on the commission should be union men was "freezing out" the non-union men.

"Those interested in organizing themselves into unions are fairly representative of the workman," Warren contended.

Wants Fee System

It was like the Chamber of Commerce being fairly representative of the employers' group, he noted, but failed to note that the bill did not say that the employers' representative has to belong to a chamber of commerce.

Warren said he could not agree with the C.I.O. bill on its proposal to handle the patients on the capitation system, that is, the doctor furnishes the service to the patient at so much money for a given time or a per capita basis. Warren will go for the fee system because, he said, so much of the medical service must be special service, such as surgery, dental and eye care, for which a specified fee must be charged.

The Governor announced his medical bill will be ready for presentation next Wednesday. The budget will be ready Monday. Recess is hoped for next Saturday or Sunday. . . —Chester G. Hanson, *Times* Staff Representative in Los Angeles *Times*, January 26.

ITEM XLIX

California Medical Associates Invites Representatives of Government and Other Agencies to Conference in Sacramento

Government, labor, management, agriculture, dentistry, pharmacy, hospitals and others sat down with medicine at the Sutter Club, in Sacramento, on January 25, to discuss the broad aspects of medical care. A meeting of these groups, called by the C.M.A. in conformity with the House of Delegates resolution of January 6, 1945,

drew a complete attendance of all groups invited and brought requests for invitations from many others. (See January CALIFORNIA AND WESTERN MEDICINE, page 34.)

Participants in the meeting included representatives of the American Federation of Labor, the C.I.O., the Railroad Brotherhoods, California State Chamber of Commerce, Northern California Employers Council, Merchants & Manufacturers Association, California Manufacturers Association, California Farm Bureau Federation, California State Grange, Associated Farmers, Association of California Hospitals, California Pharmaceutical Association, California State Dental Association, Southern California State Dental Association, and the California Medical Association. Representing the State government were the Lieutenant Governor, the Speaker of the Assembly, the Assembly floor leader and one of the secretaries of Governor Warren.

Officers of the California Medical Association taking part in the meeting included Lowell S. Goin, C.M.A. president, John W. Cline, executive committee chairman, Dwight H. Murray, legislative chairman and several others. Doctor Goin presided.

Subject of discussion of the meeting was the broad question of health insurance, without any detailed discussion of specific health insurance bills which had just been introduced in the state Legislature. The discussion brought out the fact that the members of the Legislature present were not at all convinced of the necessity or advisability of passing compulsory health insurance legislation at this time, that the agricultural interests of the State are opposed to compulsion as a principle in health insurance and that the business interests of California are watching very carefully any proposals which might tend to increase taxes on California business.

Labor representatives presented varying views on the subject of compulsory health insurance legislation, with the C.I.O. the only labor group present which came out in favor of a compulsory system of medical care. Mr. Mervyn Rathbone, C.I.O. representative, spoke in favor of the compulsory health insurance bill sponsored by his organization, explaining that the C.I.O. did not believe that this bill represented the final answer to the problem and that it should be considered subject to proper amendments. He also expressed gratification at the gathering of the organizations represented at the meeting and asked that further meetings of this character be held.

It was agreed informally that further meetings should be held at the call of the C.M.A.

Keynote of the session was sounded by Doctor Goin, who said in his introductory remarks that the people of California are confronted with a problem in the distribution of adequate medical care, that all those groups invited to the meeting were vitally interested in the solution of this problem but that it was obvious that "a bad solution will be worse than no solution at all."

Further meetings of these organizations have not been scheduled at this writing but are expected to be called as soon as convenient for the various interested parties.

(Note. See in this series of reports, in re above, Item XXXV and Item XLIX.)

ITEM L

State Medical Care Bills

Assembly Group Plans Public Hearings on Warren's Health Insurance Measure

Sacramento, Jan. 26.—Statewide public hearings on Governor Warren's recommendation that California establish a system of compulsory health insurance will be held by the Assembly Public Health Committee during the constitutional recess of the Legislature.

The Legislature adjourns on January 27 until March 5

with the health insurance controversy the hottest issue before the lawmakers.

Hearing dates are as follows:

San Diego, February 13.

Los Angeles, February 15-16-17.

Fresno, February 28.

San Francisco, March 2-3.

Assemblyman Fred Kraft, San Diego, is chairman.

All Groups to Testify

Testimony will be taken from representatives of the California Medical Association, the C.I.O., A.F.L., Farm Bureau, Governor Warren, the dentists, chiropractors, Christian Scientists and all others interested.

Two more health insurance bills were introduced and plans were completed by the Assembly Public Health Committee to hold public hearings on the health insurance question during the recess. Hearings will be held at San Francisco and Los Angeles.

While recognizing that his recommendation for the enactment of a compulsory health insurance act "is bound to cause a fight" in the Legislature, Governor Warren declared he was "very much encouraged because I feel the public is tremendously interested in health insurance."

Approval Cited

Warren said "any number of eminent doctors have expressed the belief I am sound in my approach to this problem and are hopeful a bill such as proposed will become operative."

Assemblyman Rosenthal, Los Angeles, proposed the identical bill which was before the Legislature in 1939. This would provide for compulsory insurance with the State contributing 1 per cent, the employer 1 per cent and the employee 1 per cent of his wages or salary. The capitation plan of paying doctors would be followed and disability benefits or hospital benefits would be provided at the choosing of the beneficiary of the system.

The State would contribute the entire cost of the health insurance system provided in the bill by Assemblyman Massion, Los Angeles. Massion's bill carries the capitation plan of paying doctors. It would be administered by a nine-member board, giving one membership to a chiropractor and one to an optometrist; two to physicians and one each to representatives of the dentists, pharmacists, hospital organizations and labor.

The Governor said he was disturbed over prospects that the Legislature might postpone action on health insurance by creating another interim committee. He said he has been informed by the Senate Governmental Efficiency Committee it would begin hearings on the several bills immediately upon reconvening of the Legislature. He said he thought the holding of public hearings such as proposed by the Assembly Public Health Committee was a good thing.

"Inasmuch as we have been studying this subject for 30 years and have had bills before the Legislature," said the Governor, "it seems to me we are now in the field of action and the people are entitled to a final determination by the Legislature at this session."

The Governor will leave for Washington Monday to appear February 5 before the Senate Foreign Relations Committee in opposition to the new water treaty with Mexico.

When he returns he said he would have before him exhaustive studies on the probable cost of the operation of his compulsory health insurance system. . . . —Earl C. Behrens, Political Editor of *The Chronicle*, in San Francisco *Chronicle*, January 27.

ITEM LI

Senator Shelley of San Francisco Proposes Sickness Unemployment Payments from Existing California Unemployment Fund

Senator William P. Rich, Yuba County, and others brought in the Governor's proposal for State regulation of private insurance companies and the fixing of premium rates.

Senator John F. Shelley, San Francisco, announced sponsorship of a measure to broaden the unemployment insurance program to permit grants of disability benefits. Under this plan, apparently similar to one now on the Rhode Island statute books, insured employees off the job because of sickness would get the same allowances to which they would be entitled if available for work but unemployed.—*Sacramento Bee*, January 27.

ITEM LII

Legislature Recess Began on January 27

The Returning State Lawmakers Face a Stormy Session Over 3700 New Bills

Sacramento, Jan. 28.—California legislators face one of the most controversial sessions in the State's history when they reconvene here March 5 after the constitutional recess.

Among the 3,700-odd measures introduced in the Senate and the Assembly before the first half of the fifty-sixth session came to a close shortly before midnight on January 27 are proposals of far-reaching significance.

It required almost nine hours beyond the official 3 o'clock adjournment hour yesterday to complete the introduction and first reading of the titles of the 2,132 bills introduced in the Assembly and 1,253 bills in the Senate. More than 200 measures other than bills also were introduced at the session.

At the 1943 session an even 3,000 bills were introduced in the first part of the legislative meeting.

Each lawmaker may present two more bills after the reconvening in March, so the total will go still higher. . . .

Chief controversy will center around Governor Warren's compulsory health insurance system proposal. Then there will be plenty of fireworks over his other recommendations, which conservative Republicans consider too "liberal" and many Democrats do not want to support because Governor Warren, a Republican, has offered them.

There was but a handful of legislators left by the time the gavel was finally dropped in the Senate by Lieutenant Governor Houser and in the Assembly by Speaker Lyon.

Slow Down

The mass of last-minute legislation slowed down preparation of bills by Fred B. Wood, State legislative counsel.

Hearings on Governor Warren's \$683,710,000 State budget will be begun as soon as practical by the Assembly Ways and Means Committee, headed by Albert C. Wollenberg, San Francisco.

Public hearings on the compulsory health insurance issue will be held during February and early in March by the Assembly Public Health Committee, of which Fred Kraft, San Diego, is chairman. San Francisco hearings will be on March 2-3 and the Southern and Central California hearings during February. . . . —Earl C. Behrens in San Francisco *Chronicle*, January 29.

ITEM LIII

Labor League Gives Health Insurance Plan a Vote of Confidence

Support of the proposed California medical insurance system and of the nomination of Henry Wallace as Sec-

retary of Commerce was voted January 26 at a meeting of the United Labor League of Santa Clara County, meetings at 338 W. Santa Clara St. . . .

The league went on record as supporting the Assembly bill for a "State medical insurance system that carries two very important provisions supported by the State Federation of Labor and the California C.I.O.—capitation payment and that labor and other non-medical representation feature the administration setup."—San Jose *Mercury-Herald*, January 27.

ITEM LIV

3,385 Bills in 1945 Legislative Hopper; But Record Was 4,175 in 1939

Sacramento, Jan. 29.—The clocks in the Capitol chambers stood at 3.

That was the official hour Saturday afternoon when this first bill-introducing part of the 1945 legislative session came to a halt.

But don't let the record fool you. Real windup came eight colorful hours later. "Getting the bills in" turns out to be a pretty zany affair once the lawmakers step into that "never-never" time when the clock hands freeze to its face. . . .

And Clerk Geraldine Hadsell intoned titles hour upon hour. Midafternoon a "call of the house" was voted to hurry things. This locks in the members already present, and sends out the sergeant-at-arms to round up absentees.

"We have a lot of work to do. Let's hurry up and get out of here," admonished Mr. Lyon.

Some members read the funny papers. Others chatted in little groups on the floor. A few rushed up to the desk from time to time with a stack of bills.

"Look at this bunch," one Assemblyman remarked, flipping through a stack of 20 or more, "I haven't an idea what they are all about—just gave them to me, and there isn't time to read them."

Others hunted up co-signers. "Go on this one with me, pal. It's a good bill, really it is. . . . Here, this is that tax bill I told you about. Sign up, huh?" Sometimes it took more of a selling approach to get signers. Sometimes only a name. "Doakes is interested in this."

Not all bills are "processed" by the legislative counsel. Private lawyers work out many.

Wanted Them in Order

One man carried 40 to the desk at once. "I want to be able to find mine, all numbered one right after another."

Others picked out an even number, easy to remember, and thrust important bills in at that point for the small psychological advantage.

Night fell. "We will recess for five minutes," said Mr. Lyon. "That means be back here at 9 p.m." The fiction of preserving the 3 p. m. adjournment was being retained. Everybody—except the legislative counsel—went out to dinner.

On Friday night, January 26, only 892 bills had been introduced into the Senate; only 1,609 in the Assembly. So heavy was the tide on the last day that the total when business finally ended was 3,385 bills. Last time 3,131 came in; record high was in 1939, with 4,175. Always about 60 per cent roll in the last three days. And the rule is about 25 per cent will become law.

Only five men remained of the 80 when the last Assembly bill was in—(at 10:45 p.m. but don't tell anybody)—No. 2132, "an act pertaining to aid to the aged."

The clerk had a green all-day sucker in his mouth. He took it out, while he told reporters crowded about the desk that it "seems to be about giving 20 more bucks to folks between 60 and 65 years."

A Tie After All

Mr. Lyon, apparently unwearied, asked the five men to form a committee to advise the Senate their work was through.

They were boastful at beating the other house, but crestfallen when they passed a similar committee in the hall coming to tell them the Senate was through. It was a tie.

Next Mr. Lyon sent off his loyal five to "inform the Governor this house is concluding its business. . . ."

They returned. One took the mike in the lonely, lighted room. "Mr. Speaker," he thundered. "Your committee regrets that it cannot discharge your order. The Governor cannot be found. His door is locked. His office is dark. Why don't we all go home?"

"Why not?" said Mr. Speaker. "This house is recessed as of 3 p.m. today until March 5, at 11 a.m."—San Francisco *News*, January 29.

ITEM LV

Legislative Committees to Open Hearings; Warren Will Campaign for Health Bill

Interim Groups to Carry on Studies During Recess

Members of the State Legislature had returned to their homes on January 29 for the February constitutional recess after one of the shortest opening sessions—nineteen days—in California history. The session ended late Saturday night, after a total of 3,385 bills had been introduced.

Most of the legislators will devote all or most of their time during the recess to service on one or more of the record number of committees which will function throughout the State before the session reconvenes on March 5. . . .

Assemblyman Fred Kraft, chairman of the Assembly Public Health Committee, will bring his committee to San Francisco for public hearings on March 2 and 3. The Senate Committee on Governmental Efficiency, to which health insurance bills were referred in the Upper House, is expected to hold its San Francisco meetings somewhat earlier.

Governor Earl Warren, who has made enactment of a health insurance program his major recommendation at this legislative session, said in Sacramento yesterday that he will personally campaign in behalf of the principles embodied in the administration bill.

"I am not going to open any headquarters and I don't know just how I am going to do it," Warren said, "but I feel an obligation to put all the facts before the public and intend to do so. I hope to make all of the facts concerning the prepaid medical care available to the people of California and at the same time to show them that the administration sets up adequate machinery for attaining the desired objective."

Assemblyman Albert C. Wollenberg of San Francisco, principal author of the administration bill in the Assembly, will explain its provisions Thursday noon at a section meeting of the Commonwealth Club of California. . . .—R. W. Jimerson in San Francisco *Examiner*, January 30.

ITEM LVI

California Health Insurance Plans Debated at Town Hall Meeting in Los Angeles

The Governor's bill for prepaid medical care through compulsory State-wide insurance came in for debate yesterday before Town Hall in the Biltmore.

Albee Slade, legislative director of the Los Angeles C.I.O. Council, spoke for it or a similar plan sponsored by that labor union. Dr. Lowell S. Goin, president, California Medical Association, took the negative. Their main points:

Mr. Slade: More than one-half of the first 3,000,000 called in the draft (38 out of 100 in California) were rejected because of physical disability. Five million 4-F's is the result. Low health standards also affect war industrial output. The manpower shortage is due in good part to it. United States has a bad health record despite medical statistics to the contrary. Infant mortality and deaths over 60 are greater than in many countries of the world. The California plan does not spell socialized medicine. We want the medical profession to continue direction of public health.

Dr. Goin: It is socialized medicine, which is fundamentally un-American. If a doctor must go into a rural district where he can't make a living he must be paid by the State. Statistics are deceptive. A large part of the 4,500,000 or 5,000,000 4-F's are rejected for short-sight and other congenital defects that all the medical attention in the world could not prevent; only selective breeding could do that. Factory absenteeism in good part is due to the common cold, which cannot be prevented or cured. It is a naïve idea that if you can get people over the financial hurdles and to the doctor we will have nearly perfect health. They have had socialized medicine for many years in England and Germany but the 4-F problem or infant mortality in those countries is no better than ours.—Los Angeles Times, January 30.

ITEM LVII

No Recess in Health Bill Fight

Sacramento is quiet. The Capitol has been given back to the women. At least it looks like that as high-heeled stenographers and clerks suddenly become the majority in hallways and offices. The 120 legislators are home, the thrice-that-many lobbyists scattered. Even Governor Warren is away—in Washington, D.C.

But not for a second has the legislative game taken time out.

In San Francisco Assemblyman Wollenberg gave his first talk in support of the Governor's health insurance program, which shoulders high above every other item as No. 1 interest in this legislative session.

Publicity Staffs Busy

Throughout the State supporters of compulsory health insurance are chipping in funds and ideas for organized explanation of what it's about, who wants it, and why. Some question-and-answer pamphlets will be prepared, publicity men hired to make the "pro" side vocal. Those against the plan—medical and business groups in the main—reportedly already have their publicity staff at work.

The people, in other words, will get their chance this month to demonstrate favor or disfavor in a heated campaign that won't wait for the March 5 convening of the Legislature again.

Today unexpectedly strong aid rallied to Governor Warren's side on this tempestuous issue. William M. Malone, state Democratic committee chairman, voiced personal support for compulsory health insurance and predicted that "Democrats will do everything they can to help."

"Democratic Program"

"Better health protection for the people is one of the things the Democrats have sought for years," he said. "We are not going to buck compulsory health insurance

now just because the spokesman for another party has advanced a principle we favor.

"I hope the Democrats in this State can help put it over."

Mr. Malone will probably discuss party support with Democrat members of the Legislature, particularly Assemblyman Robertson of Santa Barbara, Democratic floor leader, when the second part of the session begins next month.

Women's groups are getting February meetings scheduled on the health insurance question. Local members of the American Association of Social Workers will have an open forum discussion. The Northern California Union Health Committee, headed by Daniel Del Carlo, and representing the two major union groups plus the railroad brotherhoods, will have an executive meeting this week-end to decide their steps on a program they have already publicly supported.

Meanwhile, in his talk before doctors and businessmen at a St. Francis Hotel meeting yesterday Mr. Wollenberg predicted that nearly seven million, out of California's total 8½ million population, will be able to come under the health insurance setup. He expects 5½ million included on social security basis (all workers eligible to unemployment insurance plus their families) plus another million entering voluntarily. It will cost, he thinks, about \$30 to \$40 a year per individual to operate successfully.

ITEM LXVIII

Governor Warren's Public Health Bill Explained By Assemblyman Wollenberg

Assemblyman Outlines Warren Program at S. F. Luncheon Session; Sees Favorable Vote

The prepaid medical service bill sponsored by Governor Earl Warren was given its first public presentation yesterday, when Assemblyman Albert C. Wollenberg of San Francisco, who will handle it in the Lower House, explained the measure at a luncheon meeting attended by legislators, public officials, doctors, experts in public administration, and many others. . . .

"I look for a long and heated debate in the Legislature and throughout the State," Wollenberg told his hearers at the St. Francis Hotel, "but I feel very definitely that legislation of this type will come out of the 1945 legislative session. The people want it—and the Legislature keeps closely in touch with what the public wants."

Most of the audience listened to Wollenberg's talk without comment, but the question period which followed showed about an even division between those who obviously favored some sort of compulsory health insurance, and those who did not. . . .

"Never in history has one single piece of legislation met the Statewide approval that this proposal has had in such a short time," Wollenberg said.

Declaring that the C.I.O. will place its measure on the ballot by initiative if the Legislature fails to act this year, Wollenberg added:

"Sound judgment dictates that a new departure of this kind, untried in America, should be subject to change and control by the Legislature, rather than placed in the constitution where it cannot be amended except by another vote of the people."—R. W. Jimerson in San Francisco Examiner, February 2.

ITEM LIX

Cost of Governor Warren's Health Plan Figured

An estimate of the cost of Governor Warren's prepaid medical care plan was given today by Assemblyman

Albert C. Wollenberg, coauthor of the measure in the Assembly.

He said that the service would apply to between 6,000,000 and 7,000,000 Californians, who, it was figured, would contribute between \$200,000,000 and \$230,000,000 through a 3 per cent payroll tax.

He explained that the Legislature would be empowered to increase the tax or to provide for appropriations from the State's general fund should it become necessary to meet any deficit.

Under the Governor's plan, the State's credit is pledged to assure operation of the system until June 30, 1949. Its benefits would begin January 1, 1947, with tax collections effective six months previous.—*San Francisco Call-Bulletin*, February 2.

ITEM LX

Health Insurance—As Proposed for California

(Bulletin by California Medical Association, January 30, 1945)

Foreword.—As of January 26th a total of 13 bills had been introduced into the 56th Legislature upon the subject of Health Insurance, Health Services or closely related thereto. We understand from newspaper reports that other bills on this subject were introduced in the closing hours of the January session, but at this date have not had an opportunity to examine them.

The 13 bills are:

Senate Bill 218: (By Hatfield, Crittenden and Sutton) relating to admission to county hospitals and medical care at county expense.

Senate Bill 219: (By Hatfield and Sutton) authorizing and governing the practice of group medicine.

Assembly Bills 1110 and 1111: (By Stephenson and Lowery) companion bills to the above.

Assembly Bill 800: (By Wollenberg, Fourt, J. C. Lyons, Doyle, Brown, Dunn, Fletcher, Gaffney and Waters) Governor Warren's Compulsory Health Insurance Bill.

Senate Bill 500: (Salsman, Shelley and Dillinger) Governor Warren's Compulsory Health Insurance Bill.

Senate Bill 699: (By Carter) relating to County Hospitals and admission of pay patients thereto.

Assembly Bill 449: (By Thomas, Dekker, Anderson, Massion, Fletcher, Hawkins, Kilpatrick and Rosenthal) the C.I.O. bill for Compulsory Health Insurance.

Assembly Bill 1200: (By Sam L. Collins, Field, Werdell, Erwin, Knight, Stewart, Stream and Watson) The California Medical Association bill for the encouragement of voluntary medical, surgical and hospital plans.

Assembly Bill 1414: (By Rosenthal) duplicate of the Olson bill of 1939.

Assembly Bill 1525: (By Massion and Dunn) providing for a comprehensive health service to the people of California.

Assembly Bills 1595 and 1596: (By Wollenberg, J. C. Lyons and Fourt) making the necessary appropriations for Governor Warren's Health Insurance plan.

Since most of the discussion to date has centered around *Compulsory Tax Increase Bills*, we will concentrate in this memorandum on AB 449 (the C.I.O. Bill); AB 800 and SB 500 (Governor Warren's Bills) and AB 1200 (the California Medical Association Bill, which contemplates *no new taxes*).

* * *

I. Compulsory Tax Increase Bills

A. B. 449

Authors: Assemblymen Thomas, Dekker, Anderson, Massion, Fletcher, Hawkins, Kilpatrick and Rosenthal.

Sponsor: C. I. O.

Major Features:

(1) *Administration:* Creates *new* bureau (California Health Insurance Commission) with power to manage and regulate the compulsory health plan. California Health Insurance Commission to consist of nine persons appointed by Governor, two from labor, two from management, two from agriculture, one from medical profession, 1 full-time professor in a medical school, and 1 from the general public (practicing physicians have one member out of nine). An executive director (who must *not* be a physician or dentist) to have full power to manage the day-by-day operations; his salary to be \$15,000 per year. A medical director to be appointed (salary \$12,000 per year) but his powers, if any, are not specified.

A Medical Advisory Council (two M.D.s, 1 osteopath, 1 dentist, 1 professor, 1 hospital manager, 1 pharmacist, Director of Public Health, and 1 representative of "group practice of medicine") to be appointed by Governor. Its powers limited to "advising" the Medical Director concerning professional and hospital standards of service.

The State to be divided into "areas," each area to have a Medical Director and an Area Medical Council (with power to "advise" on professional matters). The Commission may establish "Appeal Bodies" to hear and determine all disputes subject to *final* appeal to the Commission.

* * *

COMMENT CONCERNING AB 449—THE ELABORATE ADMINISTRATION SET-UP INDICATES AN OPENING WEDGE FOR A HUGE NEW BUREAUCRACY

(2) *Financing:* Costs are financed by (a) a payroll tax of 1½ per cent on employers and 1½ per cent on employees, (b) appropriations from general taxes (for administration expenses), and (c) payments from counties, etc., to cover cost of indigent care. Political subdivisions must pay such amounts as the Commission fixes, but not more than 3 per cent of *average* wages.

(3) *Persons Covered:* All employees who are now subject to Unemployment Insurance Act, their wives and children under 18; also, all indigents (including old age pensioners); also, all state and county employees, their wives and children under 18.

(4) *Benefits:* Medical care, as follows:

(a) "General practitioner" services including "preventive," diagnostic and therapeutic treatment and care and physical exams, (b) "Special medical care," i.e., services requiring unusual professional skill or experience by "a legally qualified physician or dentist who is professionally capable of rendering such service," (N.B. Presumably, the Medical Director decides what doctors are specialists and in what specialties), (c) Laboratory services including x-ray, clinical laboratory studies and physiotherapy, hospital care up to twenty-one days, dental and nursing care to the extent the Commission finds feasible.

(5) *Eligible Purveyors of Benefits:* (a) All M.D.s, (b) all osteopathic physicians and surgeons, (c) all dentists, (d) such hospitals as are *approved* by the Commission, (e) all *group* clinics composed of M.D.s, and (f) all medical school faculty members.

(6) *Method of Paying for Benefits:* All "general practitioner" services are paid on a *capitation* basis (i.e., each person selects a doctor and the doctor is then paid \$_____ per year for each person selecting him, irrespective of the work, if any, done in such year). "Specialist" services and laboratory services will be paid on a fee schedule. The fee schedule need *not* be uniform throughout the State.

(N.B. Furnishing of benefits is a "collective responsibility" of *all* physicians in the area!)

(7) *Effective Dates:* (a) Tax payments, July 1, 1945, (b) Benefits, July 1, 1946.

(8) *Exemptions:* None.

GOVERNOR EARL WARREN'S BILL

A. B. 800

Authors: Assemblymen Wollenberg, Fourt, J. C. Lyons, Doyle, Brown, Dunn, Fletcher, Gaffney, and Waters.

S. B. 500: Companion Bill

Authors: Senators Salsman, Shelley and Dillinger.

Sponsor: Governor Warren.

Major Features:

(1) *Administration:* Creates a new state bureau, the California Health Service Authority, with power to operate, manage and regulate a compulsory health insurance plan, *subject to the right of the Governor to veto or suspend acts of the Authority*, the Authority to consist of eleven members and a manager, all appointed by the Governor. The eleven members of the Authority shall include three persons from management, three from labor, two members of the medical profession, one physician experienced in hospital management, one dentist, and the Director of Public Health. The executive head of the Authority is the manager (salary \$12 000 per year), who is not required to be a physician. *The manager is directed to administer the act and to employ such personnel as may be necessary. (The Commission is a part-time affair that would only meet once a month.)*

(2) *Financing:* Costs are financed by (a) a payroll tax of 1½ per cent on employers and 1½ per cent on employees, and (b) such amount from the general funds of the State as may be necessary. (Bill states "The faith and credit of the State are hereby pledged to assure the operation of the . . . system until . . . June 30, 1949.")

COMMENT CONCERNING GOVERNOR WARREN'S BILLS

(A. B. 800 AND A. B. 500)

The Governor proposes a 3 per cent tax on payrolls up to the first \$4,000 of wages paid in each year. In 1944 the unemployment payroll tax (total tax being about 3.15 per cent) produced about \$170,000 000. In 1940 the same tax produced only \$76,000 000. Under the Governor's bill he proposes to cover at least six million people with full medical care, hospitalization, and some dental care. Even at coolie wages to the doctors, the costs of the bill will run at least \$250 000 000 to \$300,000 000 per year; yet the tax he proposes cannot raise more than \$150 000 000 even in boom times, and if we return to 1940 levels will only raise about \$60,000 000 or \$70,000 000. That means that his provision for resort to the general funds of the State will cost the State between \$100 000 000 and \$200,000 000 a year for the next three or four years.

(N.B.—The 1½ per cent payroll tax applies to the State, every State agency, every fund any employees of which are subject to the State Civil Service Act, every political subdivision, public or municipal corporation. This would come out of the tax funds levied for support of such employing units.)

(3) *Persons Covered:* All employees who are now subject to the Unemployment Insurance Act, their wives and children under eighteen; also included are all State, county and municipal employees, their wives and children under eighteen.

(*Comment. Employers are NOT covered. This is of special importance to employers of small groups.*)

(4) *Benefits:* Medical care as follows: "General practitioner" services including "preventative, diagnostic, therapeutic, or other medical treatment or care"; "specialist" services in addition to those of the general practitioner, laboratory and x-ray services, hospital care up to twenty-one days, drugs and medicines, dental services "for the extraction of teeth and for the treatment of acute infections of the teeth, gums, and lavalor processes and the bone adjacent thereto, or fractures of the

jaws." Additional services may be provided by the Authority from time to time.

(5) *Eligible Purveyors of Benefits:* (a) All M.D.s. (b) All osteopathic physicians and surgeons, (c) all dentists, (d) all optometrists, and (e) such hospitals as are approved by the Authority and meet the standards prescribed by the Authority.

(6) *Method of Paying for Benefits:* All services of doctors of medicine, osteopaths, dentists and optometrists will be paid for in accordance with a fee schedule adopted by the Authority. One section of the bill guarantees each person covered the right of free choice from amongst such physicians, dentists and optometrists as register for services under the act. *The Authority may prescribe any fee schedule that it desires, and the fees need not be uniform throughout the State.*

(7) *Effective Dates:* (a) Tax payments commence July 1, 1946, (b) Benefits commence January 1, 1947. It is provided, however, that the Governor may delay the effective dates for not more than one year if the United States is still at war on April 1, 1946; also, if the bill should pass the Legislature and be subject to a referendum the effective dates are automatically postponed for one year.

(8) *Exemptions:* (a) Religious: All people who depend for healing upon prayer are exempt both from the benefits and the payroll taxes (the employer of a religious objector must still pay his 1½ per cent). (N.B. This exemption may violate the Equal Protection of the Laws clause of the Federal Constitution.)

(b) Employees leaving the State: Any employee who leaves the State and has paid into the fund an amount less than sufficient to make him eligible for benefits (the minimum is a wage of \$300 per quarter for six months) is entitled to a refund of all taxes paid.

(N.B. This is a most amazing principle for a pooled fund insurance scheme.)

(c) Employer-operated medical plans: Industrial medical plans owned and operated by an employer may be exempted from both the benefits and the tax by contracting with the manager of the Authority to continue such industrial plan in existence.

(d) Railroad employees: Both railroad and maritime employees are exempted from the definition of the term "employment," and therefore apparently are not entitled to any benefits under the bill.

(9) *Miscellaneous:* (a) Employee Health Plans: It is made a misdemeanor for any employer to require membership in any health plan as a condition of employment.

(b) Control over Beneficial Standards: The bill permits California Health Service Authority to expel any registered physician who rebates fees, seriously neglects the welfare of the patient, or intentionally violates any rule or regulation of the Authority. (N.B. Under this provision the Authority could require doctors to disclose professional secrets and expel them from the system if they keep their patient's confidence.)

(c) Penalties: It is a misdemeanor to violate any provision of the act or of the regulations thereunder or to fail to make full reports to the Authority.

* * *

C.—A. B. 1414

Author: Assemblyman Rosenthal.

Sponsor: Not known, but the bill is identical with Governor Olson's 1939 compulsory health insurance bill.

Major Features:

(1) *Administration:* Adds a Division of Medical Service to the Department of Employment. Provides for a Medical Director as the chief of the division, the Medical Director being charged with the administration of the professional phases of the plan. Otherwise, the present California Unemployment Commission is given

full power to administer the so-called "social insurance benefits." The bill as in the form of an amendment to the Unemployment Relief Act; hence utilizes the existence of the Unemployment Commission as the administrative body.

(2) *Financing*: Proposes a 1 per cent tax on employers, a 1 per cent tax on employees and provides for a contribution from the general funds of the State equal to 1 per cent of all wages paid to the State.

(3) *Persons Covered*: All employees now subject to the Unemployment Insurance Act and not now earning more than \$3,000 per year, their wives and children under twenty-one.

(4) *Benefits*: Medical benefits include the services of general practitioners, the services of specialists, laboratory and x-ray services, hospitalization, nursing services, drugs and medicines, and dental services as follows: extraction of teeth, treatment of osteomyelitis of the jaw, trench mouth and jaw fractures; and optometrical services. In addition to the medical benefits, the bill also provides for cash sickness payments to employed persons when ill or injured, these payments to be made out of the Unemployment Fund and to be equal in amount to the present unemployment benefits.

(5) *Eligible Purveyors of Benefits*: All M.D.s, all osteopathic physicians and surgeons, licensed optometrists, licensed dentists and approved hospitals.

(6) *Method of Paying for Benefits*: General practitioners to be paid on the capitation system; specialists, dentists, optometrists, x-ray and laboratory services, and hospitalization to be paid under a fee schedule, the fee schedule to be fixed by the California Employment Stabilization Commission and Medical Director. Various provisions of the bill permit the state to contract with closed panel group clinics for the purpose of permitting such clinics to render all of the medical services provided in the bill on a fixed amount per annum, closed panel group clinics being expressly incorporated by various sections of the bill.

* * *

D.—S. B. 218

Authors: Hatfield, Crittenden and Sutton.

Sponsor: California Farm Bureau.

Major Features:

This bill relates only to county hospitals. Its purpose is to open all county hospitals to all residents of each county, regardless of income. The bill divides all citizens into three classes: A—indigents; B—poor but able to pay some costs; C—able to pay full costs of medical care and hospitalization. Classification into A, B or C is determined by reference to each person's income, amount of property owned and wealth of near relatives legally liable for his or her support.

Those in Class A are entitled to hospitalization and medical care at the expense of the county.

Those in Class B are entitled to medical care and hospitalization at the expense of the county, but are required to contribute to the county such portion of such expense as they are able to pay.

Those in Class C are entitled to hospitalization in the county hospital, but must pay the full cost of such hospitalization. People in Class C are not entitled to any medical care from the county, but are privileged to have their own physicians or dentists treat them in the county hospital while hospitalized.

As to people in Class C, physicians and dentists are permitted to charge private fees. As to those in Class A and Class B, medical care is rendered by the county hospital staff and no charge may be made.

All costs of operating the county hospital constitute a charge against county taxes. The bill also provides that in each county there shall be a Board of Public Welfare

of seven persons, two from agriculture, two from medicine, one from osteopathy, and two from business and labor groups. Classification of patients admitted into the county hospital into A, B or C would be made by a medical social service investigating agency acting under the jurisdiction of the Board of Supervisors; provided that any person not satisfied with the medical social service classification may appeal to the county Board of Public Welfare.

In substance, this bill would change county hospitals from charity institutions to a combination charity hospital and private hospital.

* * *

II. Voluntary Bills

A. B. 1200

Authors: Assemblymen Sam L. Collins, Erwin, Field, Knight, Stewart, Stream, Watson and Werdel.

Sponsor: California Medical Association.

Major Features:

(1) *Administration*: As this bill proposes aid and assistance to existing voluntary nonprofit plans, there is *no new bureau created and no additional governmental employees contemplated*. The bill is in the form of an amendment to the Unemployment Insurance Act, and the little administration that is necessary will be done by the existing Employment Stabilization Commission.

(2) *Financing*: Again, as this is a voluntary plan, *no new taxes are contemplated*. The existing tax structure of the Unemployment Insurance Act, which has proven to be more than necessary for unemployment relief, will be utilized under this bill for assisting in spreading the cost of medical care.

(3) *Benefits*:

(a) *Voluntary nonprofit medical and hospital plans*: To encourage people to enroll in these plans, of which there are many in the State, the bill cuts the employee's 1 per cent payroll contribution to the Unemployment Fund in half; thus an employee who enrolls himself and his family in a nonprofit medical and hospital plan would thereafter be taxed $\frac{1}{2}$ of 1 per cent instead of 1 per cent by the State Unemployment Act. If he earns \$200 per month, this means a tax saving of \$1, which is automatically applied against his monthly dues to the voluntary plan. In the average case this would amount to about one-fourth to one-third of the total dues charged by existing voluntary plans. This can be done within the existing tax structure. Using 1944 as an example, if this bill had been in effect the $\frac{1}{2}$ of 1 per cent reduction in employees' unemployment contributions would have cost the fund about \$25,000,000. In all years since 1936 the costs of the Unemployment Fund have been sufficiently under the tax receipts so that a reduction of $\frac{1}{2}$ of 1 per cent could have been made without jeopardizing the Unemployment Fund. In fact, California and three other states are the only ones who tax the employee anything for unemployment relief, so that we have in this State the full 1 per cent employees' tax over and above the comparable resources of the unemployment funds in forty-four of the States. This bill proposes to make some use of this existing excessive tax, and to allow the people to get some benefits from it.

(b) Allows employers to make payroll deductions for all employees for payment of dues or premiums for approved hospital, medical or surgical prepayment plans. Exceptions under this rule would be made for employees who state in writing their objections to inclusion in such plans. This feature follows the election procedure of the National Labor Relations Act, providing that majority of employees may bind all employees in joining approved nonprofit plans.

(c) Provides that regular unemployment benefits will be paid to employees who are hospitalized for illness and

who are not covered for hospitalization by an approved nonprofit plan. A preliminary actuarial study indicates that this provision of the bill will cost the Fund not more than \$2,500,000 per year, based on the incidents of hospitalization and the number of people covered. Actually, it will probably cost the fund less than \$2,500,000, because most employees will join voluntary plans to get the tax reduction provided in another part of the bill, and as to such employees sickness benefits are not payable as they are already covered; \$2,500,000 is therefore the maximum cost. In 1944 the unemployment tax collections totaled about \$170,000,000, so that \$2,500,000 is less than 2 per cent of the annual funds available.

(4) *Approved Voluntary Plans:* The bill provides the following types of voluntary plan are approved for the purpose of qualifying persons who enroll for the benefits set forth above:

(a) Any nonprofit corporation holding a certificate issued by the State Board of Medical Examiners, the State Board of Osteopathic Examiners, or the State Board of Dental Examiners, under Subdivision (4) of Section 593a of the Civil Code.

(b) The Blue Cross plans, i.e., nonprofit hospitalization plans operated by the hospitals, and

(c) All insurance company medical, surgical and hospital reimbursement policies.

Each and all of the foregoing types of plan qualify, and people who join them will, under the bill, be entitled to the tax reduction above described. In order to prevent fraudulent plans from springing into existence it was necessary to describe the type of voluntary plan that meets with the State's approval. Descriptions used in the bill are sufficiently broad to cover all types of plan than provide free choice of physician and which give to the public reasonable value for their money paid.

(5) *Miscellaneous:* The incentives that are given to existing private enterprise by this bill will result, if the bill becomes law, in the bulk of the low and middle income population of the State enrolling in voluntary plans. *This can all be accomplished without increasing the tax structure and further penalizing California business and industry.* At the same time, because private enterprise always operates more efficiently than governmental monopolistic bureaus, the people will get more value for each dollar paid than they ever will through a compulsory plan.

* * *

B.—S. B. 219

Authors: Senators Hatfield and Sutton.

Sponsor: California Farm Bureau.

Major Features:

The purpose of this bill is to remove all doubts as to the legality of closed panel group or contract medical practice. Under the bill, any group of physicians or any corporation may enter into contracts with subscribers for the furnishing of health services on a prepayment basis, if such group of physicians or corporation has first obtained from the State Department of Public Health a license authorizing it to transact a prepayment health service plan. The bill prohibits operations by any prepayment plan that does not qualify for a license from the Department of Public Health. There is no requirement in the bill that health service associations offer free choice of physician or hospital; on the contrary, the bill contemplates closed panel or salaried medical staffs to render services to the people who join health service associations. It is provided that associations formed under the bill shall not be subject to the insurance laws of the State. It is also provided that health service associations may be formed either by members of the general public for the purpose of contracting with physicians, or by groups of physicians for the purpose of contracting with members of the public.

It is not clear whether the bill, if enacted into law, would affect California Physicians' Service and existing insurance company reimbursement contracts. It is clear that the bill, if enacted, will legalize operations of closed panel clinics such as Ross-Loos, Chartres-Martin, Stowe-Lipsett, and Ferd W. Callison and Staff.

COUNTY SOCIETIES†

CHANGES IN MEMBERSHIP

New Members (13)

Alameda County (10)

Ash, Donald W., *Oakland*
Christensen, Burt H., *Oakland*
Clark, Donald K., *Oakland*
Frery, Louise G., *Alameda*
Grieco, Sebastian C., *Oakland*
Heilbronn, Alexander, *Oakland*
Libby, Charles W., *Oakland*
Root, Grosvenor T., *Oakland*
Violin, Karl, *New York City, N. Y.*
Wilson, Lois S., *Berkeley*

San Bernardino County (1)

Meister, Lester, *Fontana*

San Francisco County (2)

Berger, Max M., *Fort Miley*
Mulvany, Thomas A., *San Francisco*

Transfers (2)

Moran, James A., *from Contra Costa County to Monterey County*
Oppenheimer, Sali, *from San Francisco County to Alameda County*

Retired Members (4)

Carpenter, Harry L., *Contra Costa County*
Gray, John H., *Monterey County*
King, J. A., *Ventura County*
Sewall, Edward C., *Santa Clara County*

Resignations (1)

Weiss, Charles, *San Francisco County*

In Memoriam

Blake, Charles Robert. Died at Richmond, December 27, 1944, age 76. Graduate of the University of California Medical School, Berkeley-San Francisco, 1891. Licensed in California in 1892. Doctor Blake was a Retired Member of the Contra Costa County Medical Society, the California Medical Association, and an Affiliate Fellow of the American Medical Association.

✦

Briggs, Wallace Rideout. (Lieutenant Commander, United States Navy.) Died at Long Beach, December 18, 1944, age 50. Graduate of the Harvard Medical School, Boston, 1919. Licensed in California in 1920. Doctor Briggs was a member of the Sacramento Society for Medical Improvement, the California Medical Association, and a Fellow of the American Medical Association.

✦

Dietz, Henry Louis. Died at Oakland, December 12, 1944, age 72. Graduate of the California Eclectic

† For roster of officers of component county medical societies, see page 4 in front advertising section.

Medical College, Los Angeles, 1896. Licensed in California in 1896. Doctor Dietz was a member of the Alameda County Medical Association, the California Medical Association, and a Fellow of the American Medical Association.

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Garibotti, Angelo David. Died at Santa Cruz, December 14, 1944, age 32. Graduate of Creighton University School of Medicine, Omaha, 1938. Licensed in California in 1939. Doctor Garibotti was a member of the Santa Cruz County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

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Lynch, Frank Worthington. Died at San Francisco, January 14, 1945, age 73. Graduate of the Johns Hopkins University School of Medicine, Baltimore, 1899. Licensed in California in 1915. Doctor Lynch was a member of the San Francisco County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

+

Sawtelle, Henry Fenno. Died at Arroyo Grande, December 2, 1944, age 67. Graduate of the University of Illinois College of Medicine, Chicago, 1902. Licensed in California in 1935. Doctor Sawtelle was a member of the San Luis Obispo County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

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Soucey, Harold Carold. Died at Los Angeles, December 25, 1944, age 51. Graduate of the College of Medical Evangelists, Loma Linda-Los Angeles, 1928. Licensed in California in 1936. Doctor Soucey was a member of the Fresno County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

+

Stearns, Lester Miles. Died at La Jolla, January 4, 1945, age 62. Graduate of the University of Illinois College of Medicine, Chicago, 1905. Licensed in California in 1943. Doctor Stearns was a member of the San Diego County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

+

Taylor, David Armstrong. Died at San Francisco, January 2, 1945, age 74. Graduate of the Milwaukee Medical College, Wisconsin, 1906. Licensed in California in 1917. Doctor Taylor was a member of the San Francisco County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

+

Thorne, Isaac Walton. Died at San Francisco, December 23, 1944, age 73. Graduate of the Cooper Medical College, San Francisco, 1896. Licensed in California in 1896. Doctor Thorne was a member of the San Francisco County Medical Society, the California Medical Association, and a Fellow of the American Medical Association.

+

Williams, Norman Harris. Died at Los Angeles, December 18, 1944, age 68. Graduate of the Johns Hopkins University School of Medicine, Baltimore, 1913. Licensed in California in 1918. Doctor Williams was a member of the Los Angeles County Medical Association, the California Medical Association, and a Fellow of the American Medical Association.

CALIFORNIA PHYSICIANS' SERVICE†

Beneficiary Membership

	November 1943	November 1944
Commercial Program	54,500	101,000
Rural Health Program.....	2,400	2,038
War Housing Program.....	20,790	15,000
Total Membership	77,690	118,038

With the confusion that now exists in the ranks of the medical profession as a result of the actions of the recent special session of the House of Delegates, and proposed legislation, it is difficult to clearly define the state of medical affairs in California.

California Physicians' Service, of course, finds itself at the fulcrum point of various vital forces that are attempting to shape the destiny of the private practice of medicine. Whether California is being used as a trial horse through influence from the East or not, or whether this originates within the State itself is not clearly discernible, but there is no doubt but what a terrific upheaval is now going on.

Under these conditions, it is rather difficult to lay a course, because there is apparently no direction that is the obvious one to take. There is no doubt, however, that during the preliminary discussions C.P.S. may play a very prominent part in all of the discussions, and if there are any conclusions reached, it will undoubtedly be somewhere in the picture. Toward this end, C.P.S. is continuing on with its business as usual, effecting its rate changes and continuing to develop and perfect its various techniques.

Because of the unknown quantities in the picture, and because C.P.S. has been frequently mentioned as a probable component part of anything that does happen—granting the possibility that it may happen—it is again apparent that the unqualified support of every individual physician is necessary. One of the big weaknesses that C.P.S. is frequently subjected to is lack of coöperation of an individual doctor, a group of doctors or a locality of doctors. These weaknesses are seized upon by opponents to a physician-sponsored plan as being evidence that the physicians themselves do not support their own program, and this is very damaging when it is brought up under the right circumstances.

The C.P.S. that the supporting members of the profession have developed is gradually beginning to prove its worth, by mere reason of the fact that it has existed for six years and has acquired a sufficient volume of people to provide an experience which we are sure will not be overlooked in any of the future events. The actuarial and technical data that C.P.S. has acquired is incontrovertible evidence, which has been kept by a fool-proof system. This evidence, if and when requested and summoned, can be of great value if there is negotiating or bargaining to be done relative to the cost of medical care and the methods of its distribution.

For these reasons C.P.S. should continue on, even more active than in the past, should gear itself to greater and greater membership, and gear itself to greater and greater support of the medical profession. It is obvious that no immediate action is going to take place, regardless of what legislation may be proposed or even passed. Under the latter condition, the medical profession still has at least a year, or maybe two years, in which to entrench itself in the good regard of the public.

A. E. LARSEN, M.D.,
Executive Medical Director.